

MBOMBELA LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010



Together in partnership, building a Model African City of Excellence

AUDITED ANNUAL FINANCIAL STATEMENTS

for

MBOMBELA LOCAL MUNICIPALITY

for the year ended 30 June:

2010

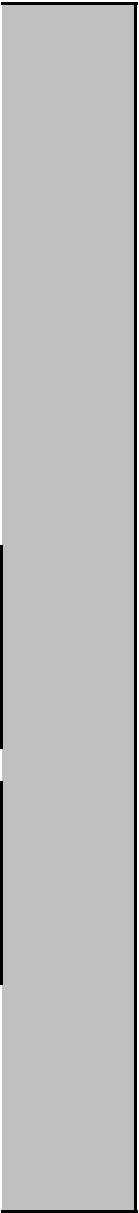
Province:

Mpumalanga

AFS rounding:

R (i.e. only cents)

| Contact Information: | |
|--|--|
| Name of Acting Municipal Manager: | Mrs N.T Mthembu |
| | (013) 759 2001 |
| | NorahM@mbombela.gov.za |
| | |
| Name of Acting Chief Financial Officer: | Mr O. P Mokoena |
| Contact telephone number: | (013) 759 2005 |
| Contact e-mail address: | Oupa.Mokoena@mbombela.gov.za |
| | |
| Name of contact at provincial treasury: | Mr H. Silaule |
| Contact telephone number: | (013) 766 4292 |
| Contact e-mail address: | H.Silaule@mpg.gov.za |
| | |
| Name of contact at the Office of the Auditor General: | Mr B Madliwa |
| Contact telephone number: | (013) 756 0800 |
| Contact e-mail address: | www.agsa.co.za |
| | |
| Name of contact at National Treasury: | Mr J Hattingh |
| Contact telephone number: | (012) 315- 5009 |
| Contact e-mail address: | jan.hattingh@treasury.gov.za |



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MBOMBELA LOCAL MUNICIPALITY
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General information

Members of the Mayoral Committee & their Portfolios

| | |
|-----------------|--|
| Clr LL Chiwayo | Executive Mayor |
| Rev. M Nthali | Speaker |
| Clr C N Ndlovu | Deputy Executive Mayor - MMC Financial Services |
| Clr M W Nkosi | Chief Whip |
| Clr E M Dludlu | Member of Mayoral Committee - City Planning and Development Services |
| Clr T V Ndhlala | Member of Mayoral Committee - Economic and Tourism Development |
| Clr J V Sambo | Member of Mayoral Committee - Human Capital and Community Services |
| Clr Z J Mokoena | Member of Mayoral Committee - Corporate Services |
| Clr M J Msibi | Member of Mayoral Committee - Youth, Rural Development, Traditional Affairs and Special projects |

Ward Councillors

| Councillor | Ward | Councillor | Ward |
|-------------------|-------------|-------------------|-------------|
| Clr E M Khoza | 1 | Clr M E Banda | 19 |
| Clr T R Sgudla | 2 | Clr G S Siwela | 20 |
| Clr L E Nyalunga | 3 | Clr S S Lukhele | 21 |
| Clr T M Manana | 4 | Clr B P Maseko | 22 |
| Clr N M Mashabane | 5 | Clr T E Nkosi | 23 |
| Clr H K Malomane | 6 | Clr T F Nkosi | 24 |
| Clr J V Sambo | 7 | Clr N B Matume | 25 |
| Clr M M Mlimi | 8 | Clr M S Dube | 26 |
| Clr C G Mokoena | 9 | Clr Z L Mandlazi | 27 |
| Clr M A Ngwenyama | 10 | Clr H L Lekhuleni | 28 |
| Clr F G Mbuyane | 11 | Clr M J Msibi | 29 |
| Clr M C Mafutha | 12 | Clr C J M Pienaar | 30 |
| Clr N L Mkhwanazi | 13 | Clr N L Mabunda | 31 |
| Clr M D Mnisi | 14 | Clr M O Mathebula | 32 |
| Clr F Lange | 15 | Clr A B Mashabane | 33 |
| Clr C J Booyens | 16 | Clr J M Mbazo | 34 |
| Clr T M Charles | 17 | Clr S G Chiloane | 35 |
| Clr W A Mona | 18 | Clr T J Milazi | 36 |

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

General information

Councillors, Proportional

| | |
|-------------------|-------------------|
| Clr A A Ndowane | Clr N A Mokoena |
| Clr V Nkosi | Clr S D Mboshane |
| Clr C Maseko | Clr S R Mdluli |
| Clr C Mathaba | Clr S R Schormann |
| Clr D P C Tau | Clr S T Luthuli |
| Clr S B Mdluli | Clr S Zwane |
| Clr F H J Sibozza | Clr T C Simelani |
| Clr F P Nkala | Clr T K Mabilane |
| Clr G C de Bruin | Clr T N Sifunda |
| Clr J D Nkosi | Clr V B Mlimi |
| Clr J Koster | Clr V A Mdluli |
| Clr J M Khumalo | Clr V M Mathebula |
| Clr J Sidell | Clr W N Murphy |
| Clr M J Mwali | Clr Z M Boroko |

Audit and Performance Audit Committee

| | | |
|-----------------|-------------|----------------------------------|
| Prof MJ Maseko | Chairperson | (Resigned 30 November 2009) |
| O Mhlabane (Ms) | Member | (Resigned 30 November 2009) |
| A Keyser (Mr) | Member | (Chairperson from 23 April 2010) |
| E Cousins (Mr) | Member | (Appointed 15 July 2009) |
| CA Nkuna (Mrs) | Member | (Appointed 01 March 2010) |
| RTO Dipone | Member | (Appointed 01 March 2010) |

Acting Municipal Manager

Mrs. N. T Mthembu

Acting Chief Financial Officer

Mr O. P. Mokoena

Grading of Local Authority

Grade 4

Auditors

The Auditor-General

Bankers

ABSA Bank Nelspruit

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

General information (continued)

Registered Office:

Nelspruit Civic Centre

Physical address:

Civic Centre
1 Nel street
Nelspruit
South Africa

Postal address:

P O Box 45
Nelspruit
1200

Telephone number:

(013) 759 9111

Fax number:

(013) 759 2002

Website address:

www.mbombela.gov.za

Libraries

Hazyview

(013) 737 7220

Kabokweni

(013) 796 1082

Matsulu

(013) 778 9864

Nelspruit

(013) 759 2077

Nelsville

(013) 755 4788

Victory Park

(013) 759 2089

White River

(013) 750 9125

Enquiries

Building Plans

(013) 759 2184

Electricity

(013) 759 2231

Water & Sewerage

(013) 752 2580

Consumers

(013) 759 2025 / 2064

Paypoints

White River

(013) 751 1176

KaNyamazane

(013) 794 1254

Matsulu

(013) 778 9061

Kabokweni

(013) 796 0227

Hazyview

(013) 737 7346

Nelspruit Civic Centre

(013) 759 2025 / 2064

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2010.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

The draft annual financial statements have been adopted by the municipal council on 27 August 2010, as per council resolution A(3) for submission to the Auditor-General on or before 31 August 2010 for audit purposes in accordance with section 126(3) of the Municipal Finance Management Act, 56 of 2003.

Ms NT Mthembu
Acting Municipal Manager:

Mr O P Mokoena
Acting Chief Financial Officer

DATE: 31 AUGUST 2010

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

| | Note | 2010 R | 2009 R |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | 276 672 588 | 647 602 568 |
| Inventories | 2 | 14 564 714 | 13 758 629 |
| Consumer debtors and other receivables | 3 | 53 256 142 | 45 290 294 |
| Other receivables | 4 | 102 419 870 | 1 037 530 |
| VAT receivable | 5 | 80 567 322 | 20 303 518 |
| Cash and cash equivalents | 6 | 25 864 540 | 567 212 597 |
| Non-current assets | | 6 514 115 820 | 5 958 791 123 |
| Property, plant and equipment | 7 | 6 148 909 411 | 5 583 104 230 |
| Intangible assets | 8 | 3 296 212 | 2 988 937 |
| Investment property carried at cost | 9 | 348 675 778 | 351 610 885 |
| Biological assets | 10 | 78 975 | 94 770 |
| Loans and Receivables | | 1 413 601 | 974 883 |
| Investments | 12 | 11 741 844 | 20 017 418 |
| Total assets | | 6 790 788 408 | 6 606 393 690 |
| LIABILITIES | | | |
| Current liabilities | | 569 497 803 | 604 221 459 |
| Borrowings | 13 | 21 860 836 | 7 789 175 |
| Consumer deposits | 15 | 1 859 900 | 1 642 315 |
| Other liabilities | 16 | 73 564 566 | 81 314 201 |
| Unspent conditional grants and receipts | 18 | 141 284 689 | 414 184 801 |
| Finance lease liability | 14 | 156 132 | 56 033 |
| Trade and other payables | 19 | 246 663 572 | 97 240 934 |
| Defined benefit plan obligations | 11 | 2 063 000 | 1 994 000 |
| Bank overdraft | 6 | 82 045 108 | - |
| Non-current liabilities | | 143 246 157 | 151 827 465 |
| Borrowings | 13 | 36 112 292 | 57 970 129 |
| Consumer deposits | 15 | 9 169 976 | 9 017 967 |
| Provisions | 17 | 5 115 080 | 4 407 910 |
| Deferred revenue | 20 | 769 139 | 769 139 |
| Defined benefit plan obligations | 11 | 91 848 000 | 79 603 000 |
| Finance lease liability | 14 | 231 670 | 59 320 |
| Total liabilities | | 712 743 960 | 756 048 924 |
| Net assets | | 6 078 044 449 | 5 850 344 767 |
| NET ASSETS | | | |
| Accumulated surplus | | 6 078 044 449 | 5 850 344 767 |
| Total net assets | | 6 078 044 449 | 5 850 344 767 |

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010 | | | |
|---|-------------|----------------------|----------------------|
| | Note | 2010 R | 2009 R |
| Revenue | | | |
| Property rates | 21 | 187 192 358 | 155 405 840 |
| Service charges | 22 | 401 689 880 | 296 933 941 |
| Finance Income | 23 | 37 154 824 | 72 077 702 |
| Government grants and subsidies-operating | 24 | 397 738 141 | 179 798 446 |
| Government grants and subsidies- capital | 24 | 528 044 870 | 591 565 780 |
| Public contributions and donations | 24 | - | 6 233 |
| Rental of facilities and equipment | | 1 412 305 | 1 595 756 |
| Licences and permits | | 9 219 | 6 191 |
| Agency fees | 25 | 20 136 561 | 18 833 991 |
| Fines | | 3 022 962 | 4 556 526 |
| Other Revenue | 26 | 34 638 228 | 34 195 367 |
| Total revenue | | 1 611 039 349 | 1 354 975 773 |
| Expenses | | | |
| Employee related costs | 27 | 303 219 173 | 242 641 628 |
| Remuneration of councillors | 28 | 15 604 980 | 13 810 817 |
| Depreciation and amortisation | 29 | 288 471 496 | 282 853 898 |
| Bad debts | | 51 062 666 | 101 931 037 |
| Finance costs | 30 | 12 969 700 | 11 517 049 |
| Collection costs | | 530 080 | 248 089 |
| Repairs and maintenance | 35 | 120 375 687 | 89 554 860 |
| Bulk purchases | 31 | 206 853 746 | 171 599 253 |
| Contracted services | 32 | 169 498 563 | 95 201 536 |
| Grants and subsidies paid | 33 | 256 000 | 198 126 |
| General expenses | 34 | 214 735 899 | 97 635 380 |
| Total expenses | | 1 383 577 989 | 1 107 191 672 |
| Profit / (Loss) on sale of assets | 36 | 238 323 | (37 213) |
| Surplus for the period | | 227 699 683 | 247 746 888 |

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

| | | Disallowed Reserves | Total: Reserves | Accumulated Surplus | Total: Net Assets |
|---|------|---------------------|-----------------|----------------------|----------------------|
| | Note | R | R | R | R |
| Balance at 30 June 2008 | | 1 104 700 876 | 1 104 700 876 | 227 329 416 | 1 332 030 292 |
| Changes in accounting policy: GRAP 17 | 39 | | | | - |
| Reserves no longer permitted | | (1 104 700 876) | (1 104 700 876) | 1 104 700 876 | - |
| Restated balance | | - | - | 1 332 030 292 | 1 332 030 292 |
| Surplus for the period | | | | 247 746 888 | 247 746 888 |
| <i>Other items</i> | | | | | - |
| Transfers to / from accumulated surplus/(deficit) | | | | 55 062 737 | 55 062 737 |
| Prior year error adjustments | | | | 4 215 504 850 | 4 215 504 850 |
| Balance at 30 June 2009 | | - | - | 5 850 344 767 | 5 850 344 767 |
| | | | | | - |
| | | | | | - |
| Surplus for the period | | | | 227 699 682 | 227 699 682 |
| <i>Other items</i> | | | | | - |
| Transfers to / from accumulated surplus/(deficit) | | | | | |
| Balance at 30 June 2010 | | - | - | 6 078 044 450 | 6 078 044 450 |

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| CASH FLOW STATEMENT AS AT 30 JUNE 2010 | | | |
|---|-------------|----------------------|------------------------|
| | Note | 2010 | 2009 |
| | | R | R |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 1 080 917 674 | 1 910 328 640 |
| Cash paid to suppliers and employees | | 877 424 361 | 674 665 840 |
| Cash generated from operations | 37 | 203 493 313 | 1 235 662 800 |
| Finance Income | | 37 154 824 | 72 077 702 |
| Finance costs | | (12 969 700) | (11 517 049) |
| Net cash flows from operating activities | | 227 678 437 | 1 296 223 453 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of PPE | | (851 087 453) | (1 143 419 954) |
| Intangible assets | | (307 275) | (180 001) |
| Proceeds from disposal of PPE and other assets | | - | - |
| Proceeds from sale of investments | | 8 275 574 | (2 333 174) |
| Loans and receivables | | (438 718) | (59 406) |
| Net cash flows from investing activities | | (843 557 872) | (1 145 992 535) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (7 786 176) | (10 698 792) |
| Deferred revenue | | | 769 139 |
| Repayment of finance lease liability | | 272 444 | 115 358 |
| Net cash flows from financing activities | | (7 513 732) | (9 814 295) |
| Net cash and cash equivalents at beginning of period | | 567 212 597 | 426 795 974 |
| Net cash and cash equivalents at end of period | 38 | 56 180 568 | (567 212 597) |
| Net increase / (decrease) in net cash and cash equivalents | | (623 393 165) | 140 416 623 |

MBOMBELA LOCAL MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1 ACCOUNTING POLICIES

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements .

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

| ISSUED BUT NOT YET EFFECTIVE | STANDARD APPLIED |
|---|------------------|
| GRAP 18 Segment Reporting | Not applicable |
| GRAP 21 Impairment of non-cash-generating assets | IAS 36 |
| GRAP 23 Revenue from Non-Exchange Transactions | GAMAP 9 |
| GRAP 24 Presentation of Budget Information in Financial | Applied |
| GRAP 25 Employee Benefits | IAS 19 |
| GRAP 26 Impairment of cash generating assets | IAS 36 |
| GRAP 103 Heritage Assets | Not applicable |

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

1.6 PROPERTY, PLANT AND EQUIPMENT (cont)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

| | |
|------------------|-------|
| Roads and Paving | 3-50 |
| Pedestrian Malls | 15-30 |
| Electricity | 3-50 |
| Water | 5-55 |
| Sewerage | 10-55 |

Community

| | |
|-------------------------|-------|
| Buildings | 25-30 |
| Recreational Facilities | 25-30 |
| Security | 10-25 |
| Halls | 25-30 |
| Libraries | 25-30 |
| Other assets | |

Finance lease assets

| | |
|------------------|------|
| Office equipment | 3-15 |
| Other assets | 2-10 |

Other

| | |
|------------------------------------|-------|
| Buildings | 25-30 |
| Specialised vehicles | 5-10 |
| Other vehicles | 4-7 |
| Office equipment | 3-15 |
| Furniture and fittings | 5-7 |
| Watercraft | 4-7 |
| Bins and containers | 5-10 |
| Specialised plant and equipment | 2-20 |
| Other items of plant and equipment | 2-10 |
| Landfill sites | 10-55 |
| Emergency equipment | 5-10 |
| Computer equipment | 3-5 |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

1.6 PROPERTY, PLANT AND EQUIPMENT (cont)

1.6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 INTANGIBLE ASSETS

1.7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

The expenditure attributable to the intangible asset during its development can be reliably measured by the Municipality.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.7.2 SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

1.7.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

| | |
|-------------------|-----|
| Computer software | 2-5 |
|-------------------|-----|

Each item of intangible asset is amortised separately.

Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 BIOLOGICAL ASSETS

1.8.1 INITIAL RECOGNITION

Biological assets include fruit plantationss and are initially recognised at fair value less costs to sell. Where fair value is indeterminable, biological assets areinitially valued at cost.

1.8 BIOLOGICAL ASSETS (contd)

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Biological assets are valued at fair value at each reporting date. Where fair value is indeterminable, biological assets are depreciated over their estimated useful lives, which are estimated as follows: -

- Plantations: 30 years

1.9 INVESTMENT PROPERTY

1.9.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held (by the owner or lessee under a finance lease) to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.9.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment properties (excluding land) - 15 to 30 years

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.11 INVENTORIES

1.11.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.11.2. SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.11 INVENTORIES (cont)

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

1.12 FINANCIAL INSTRUMENTS

1.12.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The Municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

1.12.2 SUBSEQUENT MEASUREMENT

1.12.2.1 INVESTMENTS

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.12.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.12 FINANCIAL INSTRUMENTS (cont)

1.12.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.12.3 IMPAIRMENT

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

1.14 LEASES (contd)

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

1.14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.15 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.15 REVENUE(cont)

1.15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.15.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.17 EMPLOYEE BENEFITS

1.17.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.17.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the Municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.17.3 Retirement benefits

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

Post employment medical care benefits

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

1.18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 VALUE ADDED TAX (VAT)

The Municipality accounts for Value Added Tax on the payments basis

1.23 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
- Present value of defined benefit obligation
- Fair value of plan assets
- Provision for doubtful debts
- Impairment of assets
- Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of assets
- Provisions

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---------------------------------|-------------------|-------------------|
| | R | R |
| 2 INVENTORIES | | |
| Consumable stores - at cost | 1 503 547 | 1 312 821 |
| Maintenance materials - at cost | 12 958 010 | 12 380 673 |
| Medicines- at realisable value | 66 060 | 49 190 |
| Water - at cost | 37 097 | 15 945 |
| | 14 564 714 | 13 758 629 |

3 CONSUMER DEBTORS AND OTHER RECEIVABLES
Consumer Debtors

30 June 2010

| | Gross Balances R | Impairment Provision R | Net Balance R |
|---------------------------------------|------------------------|------------------------------|-------------------|
| Rates | 87 749 644 | 74 712 871 | 13 036 773 |
| Electricity | 47 598 757 | 17 403 238 | 30 195 519 |
| Water | 20 938 376 | 18 706 966 | 2 231 410 |
| Sewerage | 9 374 456 | 8 015 104 | 1 359 352 |
| Refuse | 58 043 950 | 55 087 980 | 2 955 970 |
| Interest | 70 961 283 | 70 218 814 | 742 469 |
| Total | 294 666 466 | 244 144 973 | 50 521 493 |
| Other consumer related receivable | 36 485 192 | 33 750 543 | 2 734 649 |
| Consumer and Other Receivables | 331 151 658 | 277 895 516 | 53 256 142 |

30 June 2009

| | | | |
|---------------------------------------|--------------------|--------------------|-------------------|
| Rates | 71 877 923 | 59 983 407 | 11 894 516 |
| Electricity | 34 394 512 | 11 737 592 | 22 656 920 |
| Water | 42 721 627 | 40 116 600 | 2 605 027 |
| Sewerage | 9 124 932 | 7 674 499 | 1 450 433 |
| Refuse | 50 634 467 | 47 514 287 | 3 120 180 |
| Interest on arrears | 63 878 405 | 62 780 852 | 1 097 553 |
| Total | 272 631 866 | 229 807 237 | 42 824 629 |
| Other | 30 682 110 | 28 216 445 | 2 465 665 |
| Consumer and Other Receivables | 303 313 976 | 258 023 682 | 45 290 294 |

Total: Ageing

| | 2010 R | 2009 R |
|-----------------------|--------------------|--------------------|
| Current (0 – 30 days) | 46 215 624 | 36 951 827 |
| 31 - 60 Days | 14 318 762 | 13 160 733 |
| 61 - 90 Days | 11 094 675 | 13 521 149 |
| + 90 Days | 223 037 405 | 208 998 156 |
| Total | 294 666 466 | 272 631 865 |

Rates: Ageing

| | | |
|-----------------------|-------------------|-------------------|
| Current (0 – 30 days) | 12 402 331 | 10 567 996 |
| 31 - 60 Days | 4 683 224 | 3 279 739 |
| 61 - 90 Days | 3 678 329 | 3 462 369 |
| + 90 Days | 66 985 760 | 54 567 818 |
| Total | 87 749 644 | 71 877 922 |

Electricity: Ageing

| | | |
|-----------------------|-------------------|-------------------|
| Current (0 – 30 days) | 26 559 411 | 16 954 661 |
| 31 - 60 Days | 5 246 752 | 3 790 083 |
| 61 - 90 Days | 3 487 376 | 2 789 856 |
| + 90 Days | 12 305 217 | 10 859 912 |
| Total | 47 598 757 | 34 394 512 |

Water: Ageing

| | | |
|-----------------------|-------------------|-------------------|
| Current (0 – 30 days) | 1 412 789 | 3 005 245 |
| 31 - 60 Days | 868 705 | 2 092 952 |
| 61 - 90 Days | 722 293 | 3 730 147 |
| + 90 Days | 17 934 589 | 33 893 282 |
| Total | 20 938 376 | 42 721 626 |

Sewerage: Ageing

| | | |
|-----------------------|------------------|------------------|
| Current (0 – 30 days) | 917 693 | 1 071 482 |
| 31 - 60 Days | 401 619 | 491 715 |
| 61 - 90 Days | 372 307 | 313 913 |
| + 90 Days | 7 682 837 | 7 247 822 |
| Total | 9 374 456 | 9 124 932 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|-------------------------|-------------------|-------------------|
| | R | R |
| Refuse: Ageing | | |
| Current (0 – 30 days) | 3 220 423 | 3 148 807 |
| 31 - 60 Days | 1 456 705 | 1 355 549 |
| 61 - 90 Days | 1 250 596 | 1 235 908 |
| + 90 Days | 52 116 226 | 44 894 204 |
| Total | 58 043 950 | 50 634 468 |
| Interest: Ageing | | |
| Current (0 – 30 days) | 1 702 978 | 2 203 636 |
| 31 - 60 Days | 1 661 756 | 2 150 696 |
| 61 - 90 Days | 1 583 773 | 1 988 955 |
| + 90 Days | 66 012 776 | 57 535 118 |
| Total | 70 961 283 | 63 878 405 |
| Other: Ageing | | |
| Current (0 – 30 days) | 2 031 008 | 1 479 150 |
| 31 - 60 Days | 1 193 085 | 650 589 |
| 61 - 90 Days | 596 644 | 743 027 |
| + 90 Days | 32 664 456 | 27 809 343 |
| Total | 36 485 192 | 30 682 110 |

Summary of Debtors by Customer Classification

| | Residential | Industrial / Commercial | Government |
|---|--------------------|----------------------------|-------------------|
| | R | R | R |
| 30 June 2010 | | | |
| Current (0 – 30 days) | 25 523 678 | 20 736 016 | 1 986 937 |
| 31 - 60 Days | 9 249 985 | 4 471 640 | 1 790 222 |
| 61 - 90 Days | 6 881 124 | 2 434 747 | 2 375 449 |
| + 90 Days | 201 708 998 | 44 685 510 | 4 015 463 |
| Sub-total | 243 363 785 | 72 327 913 | 10 168 071 |
| Less: Impairment provision | | | |
| Total debtors by customer classification | 243 363 785 | 72 327 913 | 10 168 071 |
| 30 June 2009 | | | |
| Current (0 – 30 days) | 19 555 339 | 17 958 723 | 916 915 |
| 31 - 60 Days | 8 582 395 | 4 404 620 | 824 308 |
| 61 - 90 Days | 9 161 028 | 5 233 960 | 869 187 |
| + 90 Days | 169 187 614 | 57 846 094 | 3 255 579 |
| Sub-total | 206 486 376 | 85 443 397 | 5 865 989 |
| Less: Impairment provision | | | |
| Total debtors by customer classification | 206 486 376 | 85 443 397 | 5 865 989 |

| | 2010 | 2009 |
|--|--------------------|--------------------|
| | R | R |
| <u>Reconciliation of the impairment provision</u> | | |
| Balance at beginning of the year | 258 023 680 | 177 482 879 |
| Contributions to provision | 51 062 666 | 102 015 301 |
| Impaired debtors written of against provision | 31 190 830 | 21 474 498 |
| Balance at end of year | 277 895 516 | 258 023 682 |

4 OTHER RECEIVABLES

| | 2010 | 2009 |
|---|--------------------|------------------|
| | R | R |
| Financial | 101 159 803 | 150 036 |
| Conditional Grants | 97 675 928 | - |
| Deposits | 171 585 | 150 036 |
| Interest Recived | 32 635 | - |
| Sundry debtors | 426 927 | - |
| Suspense Account | 511 828 | - |
| Proceeds on disposal of assets : Van 's Auctioneers | 2 340 900 | - |
| Non Financial | 1 260 067 | 887 494 |
| Payments made in advance | 1 260 067 | 3 600 |
| Insurance | - | 883 894 |
| Total | 102 419 870 | 1 037 530 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|---------------------|--------------------|
| | R | R |
| 5 VAT RECEIVABLE | | |
| VAT receivable | 80 567 322 | 20 303 518 |
| VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors. | | |
| 6 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents consist of the following: | | |
| Cash at bank | 15 440 411 | 567 170 662 |
| Operating account | 12 255 | - |
| Cash on hand | 47 735 | 41 935 |
| Current Investments | 10 364 140 | |
| | 25 864 540 | 567 212 597 |
| Shown on the Statement of Financial Position as: - | | |
| Cash and cash equivalents | 25 864 540 | 567 212 597 |
| Bank overdrafts | 82 045 108 | - |
| | (66 145 018) | 567 612 286 |
| A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA | | |
| The Municipality has the following bank accounts: - | | |
| Current Account (Primary Bank Account) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-5321-5785 | | |
| Cash book balance at beginning of year | 50 651 120 | 31 384 611 |
| Cash book balance at end of year | (82 045 108) | 50 651 120 |
| Bank statement balance at beginning of year | 56 608 129 | 45 144 051 |
| Bank statement balance at end of year | 21 807 841 | 56 608 129 |
| Spiral Plan | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 90-6703-3766 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | 4 139 | 3 833 |
| Bank statement balance at end of year | 4 283 | 4 139 |
| Saving Account | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 90-6916-6741 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | 1 282 | 1 304 |
| Bank statement balance at end of year | 1 223 | 1 282 |
| Cheque Account (Housing) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-5414-9088 | | |
| Cash book balance at beginning of year | 396 322 | 1 768 020 |
| Cash book balance at end of year | 396 632 | 396 322 |
| Bank statement balance at beginning of year | 396 322 | 1 762 196 |
| Bank statement balance at end of year | 396 632 | 396 322 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|------------|------------|
| | R | R |
| Cheque Account (Capital) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 10-7016-6603 | | |
| Cash book balance at beginning of year | (0) | (0) |
| Cash book balance at end of year | (0) | (0) |
| Bank statement balance at beginning of year | - | 330 091 |
| Bank statement balance at end of year | - | - |
| Call Account (Water Deposits) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 90-6983-8617 | | |
| Cash book balance at beginning of year | 1 307 645 | 1 238 712 |
| Cash book balance at end of year | 554 864 | 1 307 645 |
| Bank statement balance at beginning of year | 1 307 645 | 1 238 712 |
| Bank statement balance at end of year | 554 864 | 1 307 645 |
| Call Account (Grant Funding) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 90-6983-9003 | | |
| Cash book balance at beginning of year | 86 669 | 82 100 |
| Cash book balance at end of year | 88 005 | 86 669 |
| Bank statement balance at beginning of year | 86 669 | 82 100 |
| Bank statement balance at end of year | 88 005 | 86 669 |
| Call Account (Service Contribution) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 90-7568-1173 | | |
| Cash book balance at beginning of year | 23 449 105 | 18 443 214 |
| Cash book balance at end of year | 10 866 451 | 23 449 108 |
| Bank statement balance at beginning of year | 23 334 597 | 18 443 214 |
| Bank statement balance at end of year | 9 558 538 | 23 334 597 |
| Call Account (Taxi Disaster) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 91-2727-3547 | | |
| Cash book balance at beginning of year | 26 246 | 24 927 |
| Cash book balance at end of year | 26 667 | 26 246 |
| Bank statement balance at beginning of year | 26 246 | 24 927 |
| Bank statement balance at end of year | 26 667 | 26 246 |
| Call Account (2010 Soccer World Cup) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-6718-4081 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | - | - |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|-------------|-------------|
| | R | R |
| Call Account (2010 Soccer World Cup) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-6774-2380 | | |
| Cash book balance at beginning of year | 226 972 492 | 157 957 900 |
| Cash book balance at end of year | 2 357 | 226 972 492 |
| Bank statement balance at beginning of year | 226 972 492 | 157 957 900 |
| Bank statement balance at end of year | 2 357 | 226 972 492 |
| Call Account (Mbombela 2010 Host City) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-7502-7970 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 1 933 465 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 1 933 465 | - |
| Call Account (Mbombela 2010 Fan Park Operator) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-7611-2661 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 420 187 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 420 187 | - |
| Cheque Account (White River Disaster Fund) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-5141-9472 | | |
| Cash book balance at beginning of year | 22 816 | 22 816 |
| Cash book balance at end of year | 22 816 | 22 816 |
| Bank statement balance at beginning of year | 24 412 | 22 815 |
| Bank statement balance at end of year | 25 114 | 24 412 |
| Call Account (Lottery Distribution Trust Fund Mbombela) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 40-6858-1426 | | |
| Cash book balance at beginning of year | 1 100 000 | - |
| Cash book balance at end of year | 1 128 966 | 1 100 000 |
| Bank statement balance at beginning of year | 1 100 000 | - |
| Bank statement balance at end of year | 1 128 966 | 1 100 000 |
| Cheque Account (Stadsraad van NST) | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 10-7000-0209 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | - | - |
| Credit Card | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 4550-1900-2824-5012 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | (30) | - |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|-------------|--------|
| | R | R |
| Fleet Card | | |
| Bank: ABSA Nelspruit | | |
| Account Number: 7082-8310-0011-1728 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | (18 632) | - |
| Call Deposit | | |
| Bank: Nedbank , Domestic Treasury | | |
| Account Number: 03 / 7881030909 / 000003 | | |
| Cash book balance at beginning of year | 10 990 902 | |
| Cash book balance at end of year | 11 741 844 | - |
| Bank statement balance at beginning of year | 10 990 902 | |
| Bank statement balance at end of year | 11 741 844 | - |
| A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA | | |
| Cheque Account | | |
| Bank: ABSA, Prime Link Account | | |
| Account Number: 40-6653-7243 | | |
| Cash book balance at beginning of year | 101 820 049 | |
| Cash book balance at end of year | 12 254 | - |
| Bank statement balance at beginning of year | 101 820 049 | |
| Bank statement balance at end of year | 12 254 | - |
| Zero Coupon Bond | | |
| INCA | | |
| Balance at year end | 2 520 759 | - |
| Date of investment: 01/12/1999 | | |
| Interest rate: 14.51% | | |
| Maturity date: 30/6/2011 | | |
| Balance at year end | 7 843 380 | - |
| Date of investment: 17/03/2000 | | |
| Interest rate: 14.25% | | |
| Maturity date: 30/6/2011 | | |
| Above Zero Coupon Bonds were invested as security over the INCA Stock Long Term Liabilities -see Appendix A for further information | | |
| Cash on hand | | |
| Petty Cash | 47 735 | 41 935 |
| Total cash on hand | 47 735 | 41 935 |

7 PROPERTY, PLANT AND EQUIPMENT

7.1 FINANCE LEASE ASSETS

| | Other Assets R | Total R |
|--|-------------------|------------|
| Reconciliation of Carrying Value 30 June 2010 | | |
| Carrying values at beginning of the year | - | - |
| Cost/Revaluation | - | - |
| Accumulated depreciation and impairment losses | - | - |
| Acquisitions | 444 086 | 444 086 |
| Capital under Construction | - | - |
| Depreciation | (86 350) | (86 350) |
| Carrying values at the end of the year | 357 736 | 357 736 |
| Cost/Revaluation | 444 086 | 444 086 |
| Accumulated depreciation and impairment losses | 86 350 | 86 350 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|---------------------------------|--------------------------|
| | R Other Assets R | R Total R |
| Reconciliation of Carrying Value 30 June 2009 | | |
| Carrying values at beginning of the year | - | - |
| Cost/Revaluation | - | - |
| Accumulated depreciation and impairment losses | - | - |
| Acquisitions | - | - |
| Capital under Construction | - | - |
| Depreciation | - | - |
| Carrying values at the end of the year | - | - |
| Cost/Revaluation | - | - |
| Accumulated depreciation and impairment losses | - | - |

Refer to Appendix B for more detail on property, plant and equipment

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7 PROPERTY, PLANT AND EQUIPMENT

7.2 OWNED ASSETS:

| Reconciliation of Carrying Value 30 June 2010 | Land & Buildings R | Infrastructure R | Community R | Heritage R | Other Assets R | Total R |
|--|-----------------------------------|-----------------------------|------------------------|-----------------------|---------------------------|----------------------|
| Carrying values at beginning of the year | 590 308 195 | 3 993 722 048 | 954 973 480 | - | 44 100 507 | 5 583 104 230 |
| Cost/Revaluation | 625 695 221 | 4 596 490 170 | 966 635 674 | - | 109 504 397 | 6 298 325 462 |
| Accumulated depreciation and impairment losses | (35 387 027) | (602 768 122) | (11 662 194) | - | (65 403 889) | (715 221 232) |
| Acquisitions | 3 245 444 | 241 035 049 | 366 203 078 | - | 71 768 931 | 682 252 502 |
| Capital under Construction | 22 803 600 | 138 843 994 | 745 327 | - | 8 283 000 | 170 675 922 |
| Depreciation | 5 006 309 | 268 350 186 | 3 135 451 | - | 8 797 841 | 285 289 787 |
| Carrying value of disposals | - | - | - | - | 2 191 191 | 2 191 191 |
| Cost/Revaluation | - | - | - | - | 10 961 906 | 10 961 906 |
| Accumulated depreciation and impairment losses | - | - | - | - | (8 770 715) | (8 770 715) |
| Carrying values at the end of the year | 611 350 930 | 4 105 250 905 | 1 318 786 434 | - | 113 163 405 | 6 148 551 675 |
| Cost/Revaluation | 651 744 266 | 4 976 369 213 | 1 333 584 079 | - | 178 594 421 | 7 140 291 979 |
| Accumulated depreciation and impairment losses | (40 393 336) | (871 118 308) | (14 797 645) | - | (65 431 016) | (991 740 304) |
| | 611 350 930 | | | | | |
| Reconciliation of Carrying Value 30 June 2009 | Land & Buildings R | Infrastructure R | Community R | Heritage R | Other Assets R | Total R |
| Restated Carrying values at beginning of the year | 584 434 631 | 4 048 404 605 | 527 621 982 | - | 28 332 389 | 5 188 793 607 |
| Cost/Revaluation | 87 798 922 | 968 280 901 | 462 168 407 | 78 904 | 104 235 949 | 1 622 563 083 |
| Correction of error 25 (Unbundling of Asset, implementation of GRAP 17) | 524 180 746 | 3 350 579 576 | 71 275 208 | (77 918) | (11 367 968) | 3 934 589 644 |
| Accumulated depreciation and impairment losses | (27 545 037) | (270 455 872) | (5 821 633) | (986) | (64 535 592) | (368 359 120) |
| | 11 535 812 | 213 600 998 | 430 413 679 | - | 19 962 176 | 675 512 664 |
| Acquisitions | 10 842 543 | 73 883 238 | 10 677 507 | - | 19 958 911 | 115 362 199 |
| Capital under Construction | 693 269 | 139 717 760 | 419 736 172 | - | 3 265 | 560 150 466 |
| Depreciation | 4 704 890 | 267 153 663 | 3 062 181 | - | 4 194 057 | 279 114 792 |
| Carrying value of disposals | 957 358 | 1 129 891 | - | - | - | 2 087 249 |
| Cost/Revaluation | 1 446 247 | 1 602 493 | - | - | - | 3 048 740 |
| Accumulated depreciation and impairment losses | (488 889) | (472 602) | - | - | - | (961 491) |
| Carrying values at the end of the year | 590 308 195 | 3 993 722 048 | 954 973 480 | - | 44 100 507 | 5 583 104 230 |
| Cost/Revaluation | 625 695 221 | 4 596 490 170 | 966 635 674 | - | 109 504 397 | 6 298 325 462 |
| Accumulated depreciation and impairment losses | (35 387 027) | (602 768 122) | (11 662 194) | - | (65 403 889) | (715 221 232) |

Refer to Appendix B for more detail on property, plant and equipment

Remarks:

(a) Included under Land and Buildings are properties amounting to R 380 327 010 which are land tenure upgrade properties registered in the name of the municipality at the Deeds Office and not yet registered and transferred to the respective beneficiaries.

(b) The land and buildings carrying value includes the Mataffin Farm 308 land amounting to R8 713 025 where the Mbombela Stadium is situated. The land has been purchased on 30 April 2009 (date on which the Deed of Sale Agreement was signed) by the Department of Public Works on behalf of the municipality. The land has not yet been registered and transferred at the Deeds Office in the name of the municipality. The registration and transfer of the land is expected to be finalised during 2010/2011 financial year.

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8 INTANGIBLE ASSETS

**Reconciliation of carrying value
30 June 2010**

Carrying values at beginning of the year

Cost
Accumulated amortisation and impairment losses

Acquisitions
Amortisation

Carrying values at the end of the year

Cost
Accumulated amortisation and impairment losses

| Computer Software R | Servitudes R | Total R |
|------------------------|------------------|------------------|
| 318 028 | 2 670 909 | 2 988 937 |
| 4 063 361 | 2 670 909 | 6 734 270 |
| (3 745 333) | - | (3 745 333) |
| 451 733 | - | 451 733 |
| (144 457) | - | (144 457) |
| 625 303 | 2 670 909 | 3 296 212 |
| 4 515 094 | 2 670 909 | 7 186 003 |
| (3 889 791) | - | (3 889 791) |

**Reconciliation of carrying value
30 June 2009**

Carrying values at beginning of the year

Cost
Correction of error

Acquisitions
Amortisation

Carrying values at the end of the year

Cost
Accumulated amortisation and impairment losses

| Computer Software R | Servitudes R | Total R |
|------------------------|------------------|------------------|
| 974 111 | 657 000 | 1 631 111 |
| - | - | - |
| 974 111 | 657 000 | 1 631 111 |
| 132 120 | 2 013 909 | 2 146 029 |
| 788 204 | - | 788 204 |
| 318 028 | 2 670 909 | 2 988 937 |
| 4 063 361 | 2 670 909 | 6 734 270 |
| (3 745 333) | - | (3 745 333) |

2010 2009

R R

9 INVESTMENT PROPERTIES

Reconciliation of carrying value

Carrying values at beginning of the year

Cost
Correction of error
Accumulated depreciation and impairment losses

Depreciation

Carrying values at the end of the year

Cost
Accumulated depreciation and impairment losses

| | |
|--------------------|--------------------|
| 351 610 885 | 354 545 992 |
| 354 807 487 | |
| | 354 545 992 |
| (3 196 602) | - |
| (2 935 107) | (2 935 107) |
| 348 675 778 | 351 610 885 |
| 354 807 487 | 354 807 487 |
| (6 131 709) | (3 196 602) |

10 BIOLOGICAL ASSETS

Reconciliation of carrying value

Carrying values at beginning of the year

Cost
Correction of error
Accumulated depreciation and impairment losses

Depreciation

Carrying values at the end of the year

Cost
Accumulated depreciation and impairment losses

| | |
|---------------|----------------|
| 94 770 | 110 565 |
| 110 565 | |
| | 110 565 |
| (15 795) | |
| 15 795 | 15 795 |
| 78 975 | 94 770 |
| 110 565 | 110 565 |
| (31 590) | (15 795) |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|-------------------|-------------------|
| | R | R |
| 11 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS | | |
| <p>The Municipality provides certain post-retirement health care benefits to staff. These health care benefits are unfunded. It was impracticable to obtain certain comparative information for the 2009 financial year and as a result comparative information is not complete.</p> | | |
| 11.1 Medical Aid Benefits Expense | | |
| Current service cost | 7 455 000 | Not available |
| Interest on benefit obligation | 6 853 000 | |
| Expected employer benefits | (1 994 000) | |
| Net post retirement health care benefit expense | 12 314 000 | |
| <p>The Medical Aid Benefit expense is included in employee remuneration.</p> | | |
| | 2010 | 2009 |
| | % | % |
| 11.2 Assumptions for actuarial valuation | | |
| <p>The assumptions made for the actuarial valuation as at 30 June were as follows: -</p> | | |
| Expected medical aid benefit increases | 7.75 | Not available |
| Discount rate | 9.25 | Not available |
| Salary inflation | 7.25 | Not available |
| Expected retirement age (years) | 60 | Not available |
| <p>A one percentage change in the assumed rate of increase of medical aid benefits would have the following effect:</p> | | |
| | Decrease | Increase |
| | R | R |
| 2010 | | |
| Health cost inflation effect on the current service cost | 12 949 000 | 20 003 000 |
| Health cost inflation effect on the defined benefit obligation | 78 525 000 | 112 751 000 |
| Salary inflation effect on the health care benefit obligation | 91 612 000 | 95 344 000 |
| Discount rate effect on the health care benefit obligation | 115 375 000 | 77 830 000 |
| Retirement age effect on the health care benefit obligation | 99 176 000 | 89 007 000 |
| | 2010 | 2009 |
| | R | R |
| 11.3 Post-retirement Health Care Benefit Obligation | | |
| Present value of defined obligation (refer 11.4 below) | 93 911 000 | 81 597 000 |
| Net Post-retirement Health Care Benefit Obligation | 93 911 000 | 81 597 000 |
| 11.4 Changes in post-retirement Health Care Benefits Obligation | | |
| <p>Changes in the present value of the defined benefit obligation are as follows: -</p> | | |
| Balance at beginning of the year | 81 597 000 | Not available |
| Current service cost | 7 455 000 | Not available |
| Interest on benefit obligation | 6 853 000 | Not available |
| Expected employer benefits | (1 994 000) | Not available |
| Balance at end of year | 93 911 000 | 81 597 000 |
| <p>Disclosed in the Statement of Financial Position as follows:</p> | | |
| Non-current portion | 91 848 000 | 79 603 000 |
| Current portion | 2 063 000 | 1 994 000 |
| Total Post-retirement Health Care Obligation | 93 911 000 | 81 597 000 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|-------------------|-------------------|
| | R | R |
| 12 INVESTMENTS | | |
| <u>Held to maturity Investments</u> | | |
| Fixed Deposits | 11 741 844 | 20 017 418 |
| Less Fixed Term portion | - | - |
| Total Held to Maturity Investments | 11 741 844 | 20 017 418 |

A fixed deposit amounting to R2 476 512 has been invested with INCA Bank as security

| | | |
|---|-------------------|-------------------|
| 13 BORROWINGS | | |
| Local Registered Stock Loans | 11 903 000 | 11 903 000 |
| Annuity Loans | 46 070 128 | 53 856 304 |
| | 57 973 128 | 65 759 304 |
| Less : Current portion transferred to current liabilities | 21 860 836 | 7 789 175 |
| Local Registered Stock Loans | 3 000 | 3 000 |
| Annuity Loans | 21 857 836 | 7 786 175 |
| Total borrowings | 36 112 292 | 57 970 129 |

Refer to Appendix A for more detail on borrowings.

Certain investments have been pledged as security for borrowings as indicated in note 12.

14 FINANCE LEASE LIABILITY

| 30 June 2010 | Minimum lease payment R | Future finance charges R | Present value of minimum lease payments R |
|--|----------------------------|-----------------------------|--|
| Amounts payable under finance leases | | | |
| Within one year | 194 243 | 38 111 | 156 132 |
| Within two to five years | 253 192 | 21 522 | 231 670 |
| | 447 435 | 59 632 | 387 802 |
| Less: Amount due for settlement within 12 months (current portion) | | | 156 132 |
| | | | 231 670 |

| 30 June 2009 | Minimum lease payment R | Future finance charges R | Present value of minimum lease payments R |
|--|----------------------------|-----------------------------|--|
| Amounts payable under finance leases | | | |
| Within one year | 64 217 | 8 178 | 56 039 |
| Within two to five years | 4 897 | 141 | 4 756 |
| | 59 320 | 8 037 | 60 795 |
| Less: Amount due for settlement within 12 months (current portion) | | | 56 038 |
| | | | 4 757 |

| | 2010 | 2009 |
|--------------------------------|-------------------|-------------------|
| | R | R |
| 15 CONSUMER DEPOSITS | | |
| NON-CURRENT | | |
| Electricity and Water | 9 169 976 | 9 017 967 |
| Accrued interest | - | - |
| CURRENT | | |
| Electricity and Water | 1 859 900 | 1 642 315 |
| Accrued interest | - | - |
| Total consumer deposits | 11 029 876 | 10 660 282 |

No interest is paid on consumer deposits. The nominal value of consumer deposits is R 16 954 312 (2009 : R16 228 213).

| | | |
|--|------------------|------------------|
| Guarantees held in lieu of Electricity and Water Deposits | 1 662 410 | 1 762 410 |
|--|------------------|------------------|

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|--------------------|--------------------|
| | R | R |
| 16 OTHER LIABILITIES | | |
| Consumer debt - Vat Liability | 18 558 479 | 17 831 957 |
| Service contributions: Water | 4 627 749 | 5 229 657 |
| Service contributions: Sewerage | 3 476 534 | 5 187 307 |
| Sundry Deposits | 1 065 434 | |
| Amounts paid in advance | 28 235 982 | 29 861 541 |
| Suspense accounts | 17 600 389 | 23 203 739 |
| Total Other Liabilities | 73 564 566 | 81 314 201 |
| 17 PROVISIONS | | |
| Provision for rehabilitation of landfill sites | 1 200 000 | 1 090 910 |
| Provision for long-service awards | 3 915 078 | 3 317 000 |
| Total Provisions | 5 115 078 | 4 407 910 |
| <p>The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the obligation to rehabilitate the landfill sites using a projected inflation rate of 10% per annum.</p> <p>The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover and has been determined by an actuary.</p> <p>The movement in the non-current provision is reconciled as follows: -</p> | | |
| Provision for rehabilitation of landfill sites: | | |
| Balance at the beginning of year | 1 090 910 | 991 736 |
| Increase in provision due to discounting | 109 090 | 99 174 |
| Balance at the end of year | 1 200 000 | 1 090 910 |
| Provision for long-service awards: | | |
| Balance at the beginning of year | 3 317 000 | 3 317 000 |
| Contributions to provision | 833 000 | - |
| Expenditure incurred | (234 922) | - |
| Balance at the end of year | 3 915 078 | 3 317 000 |
| 18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | |
| Unspent Conditional Government Grants-Capital | 129 925 677 | 409 136 092 |
| MIG Grant | 77 514 343 | 3 596 400 |
| DWAF | 15 067 937 | 20 250 451 |
| PTIS Grant | - | 138 775 866 |
| DME | 13 246 551 | 13 534 487 |
| Department of Housing | 396 620 | 396 322 |
| 2010 World Cup Stadium | - | 176 451 393 |
| Department of Agriculture and Land Affairs | 4 040 000 | - |
| 2010 Soccer World Cup (Province) | - | 48 000 000 |
| S.A National Roads Agency | - | 6 245 684 |
| Department of Roads & Transport | 1 229 516 | 1 885 490 |
| DME (Demand Side Management) | 7 117 790 | - |
| MP Housing Department (Phumlani Projects) | 2 366 364 | - |
| NDPG Grant | 8 941 000 | - |
| ICT Library Grant | 5 557 | - |
| Unspent Conditional Government Grants-Operating | 7 705 876 | 1 395 573 |
| Finance Management Grant | 532 011 | 697 941 |
| Municipal Systems Improvement Grant (MSIG) | 610 401 | 52 273 |
| Municipal Support Programme | 95 819 | 137 219 |
| Provincial Finance Mananagement Grant | - | 56 891 |
| Revenue Enhancement programme | 97 282 | 111 238 |
| SETA Grant | - | 313 765 |
| 2010 Host City Operating Grant | 5 212 325 | - |
| Provincial Grants | 26 667 | 26 247 |
| National Lottery Grant | 1 131 370 | - |
| Total Unspent Conditional Grants and Receipts | 137 631 553 | 410 531 665 |
| Unspent Public Contributions | | |
| HL Halls & Sons | 3 653 136 | 3 653 136 |
| Total Unspent Public Contributions | 3 653 136 | 3 653 136 |
| Total unspent conditional government grants and public contributions | 141 284 689 | 414 184 801 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|--------------------|-------------------|
| | R | R |
| 19 TRADE AND OTHER PAYABLES | | |
| Trade creditors | 182 865 236 | 59 781 724 |
| Retentions | 34 733 337 | 17 104 431 |
| Accrued Staff Leave | 18 737 824 | 15 180 722 |
| Accrued Bonusses | 6 050 816 | - |
| Motor Vehicle Licenses Province | 4 110 513 | 4 399 543 |
| Suspense Accounts: | - | - |
| - Bank Reconciliation | - | - |
| - Consumer Debtors and Unkown Deposits | - | - |
| - Job Costing | - | - |
| Trust Fund | - | 606 165 |
| Other creditors | 165 846 | 168 350 |
| Total creditors | 246 663 572 | 97 240 934 |

The fair value of trade and other payables approximates their carrying amounts.

20 DEFERRED REVENUE

| | | |
|-------------------------------|----------------|----------------|
| Delta EMD | 769 139 | 769 139 |
| Total deferred revenue | 769 139 | 769 139 |

This is an advance payment by Delta EMD for the development of a landfill site. Delta EMD will receive preferential pricing on the use of the landfill site. This amount is therefore treated as deferred revenue.

21 PROPERTY RATES

Actual

| | | |
|---|--------------------|--------------------|
| Residential | 69 860 978 | 56 613 434 |
| Commercial | 91 632 424 | 78 421 308 |
| Agricultural | 2 283 142 | 3 094 791 |
| Government | 16 204 556 | 17 276 307 |
| Other | 7 211 258 | - |
| Total | 187 192 358 | 155 405 840 |
| Property rates - penalties imposed and collection charges | - | - |
| Total property rates | 187 192 358 | 155 405 840 |

Valuations

| | | |
|----------------------------------|-----------------------|----------------------|
| Residential | 20 731 971 656 | 870 211 631 |
| Commercial | 9 365 887 105 | 480 531 178 |
| Government | 880 406 017 | 59 679 500 |
| Municipal | 1 290 113 703 | 511 457 169 |
| Agriculture | 5 909 691 007 | 568 789 000 |
| Other | 1 062 682 906 | - |
| Total Property Valuations | 39 240 752 394 | 2 490 668 478 |

Valuations on land and buildings are performed every four years. The last valuation compiled in compliant with the Municipal Property Rates Act, 2004 came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

A general rate of R0.006452(2009:R0.4429) is applied to property valuations to determine assessment rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. A compulsory phasing-in discount is applied on all newly rateable properties in terms of section 21 of the Municipal Property Rates Act, 2004. Rates are levied on a monthly basis on property owners. Interest at 15.1 % per annum(2009:16.5%) is levied on outstanding rates.

22 SERVICE CHARGES

| | | |
|---------------------------------|--------------------|--------------------|
| Sale of electricity | 328 996 570 | 227 314 368 |
| Sale of water | 18 175 602 | 18 427 794 |
| Refuse removal | 41 860 556 | 38 305 600 |
| Sewerage and sanitation charges | 12 657 152 | 12 886 179 |
| Total Service Charges | 401 689 880 | 296 933 941 |

23 FINANCE INCOME

| | | |
|--|-------------------|-------------------|
| Cash and cash equivalent and investments | 16 389 721 | 41 267 409 |
| Outstanding consumer debtors | 20 765 102 | 30 810 293 |
| Discounting | - | - |
| Total Finance income | 37 154 824 | 72 077 702 |

24 GOVERNMENT GRANTS AND SUBSIDIES

Capital Grants

| | | |
|--|-------------|-------------|
| Municipal Infrastructure Grant | 54 185 768 | 71 655 800 |
| Water Services Grant | 14 078 027 | - |
| DME | 22 186 641 | 35 785 513 |
| 2010 World Cup Stadium | 178 940 416 | 371 967 808 |
| 2010 Soccer World Cup (Province) | 48 000 000 | - |
| Public Transport Infrastructure Services | 185 646 214 | 103 915 580 |
| DWAF: 2010 Water and Sanitation | 8 768 749 | 8 178 929 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|--------------------|--------------------|
| | R | R |
| Library ICT Capital Grant | 184 859 | 62 150 |
| EPWP Grant | 740 903 | - |
| S.A National Roads Agency | 6 245 684 | - |
| Department of Roads and Transport | 655 973 | - |
| DME : Electricity Demand Side Management | 4 982 209 | - |
| Department of Housing | 3 394 427 | - |
| NDPG Grant | 35 000 | - |
| Total Government Grant and Subsidies (Capital) | 528 044 870 | 591 565 780 |
| Operating Grants | | |
| Equitable Share | 198 405 906 | 151 160 410 |
| Municipal Systems Improvement Grant | 741 872 | 735 000 |
| Finance Management Grant | 915 930 | 500 000 |
| Water Services Grant | 33 146 000 | 26 548 000 |
| Municipal Infrastructure Grant (Operating projects) | 7 989 290 | - |
| 2010 Host City Operating Grant | 50 604 758 | - |
| SETA Grant | 940 302 | 855 036 |
| PTIS (Public Transport Plan 2010) | 101 394 276 | - |
| Office of the Premier : Chile base camp | 748 239 | - |
| Electrification Programme Grant | 1 895 296 | - |
| DWAF: National Water week | 578 410 | - |
| Other Provincial : Library ICT Operating Grant | 259 584 | - |
| Other Provincial :Finance Management Grant | 56 891 | - |
| Other Provincial : Municipal Support Programme Grant | 41 400 | - |
| Other Provincial : Revenue Enhancement Grant | 13 957 | - |
| Other Provincial Department of Housing : Low cost Housing (Masoyi PHP) | 6 032 | - |
| Total Government Grant and Subsidies (Operating) | 397 738 141 | 179 798 446 |
| Total Government grants and subsidies (Operating and Capital) | 925 783 012 | 771 364 226 |
| Equitable Share | 198 405 905 | 151 160 410 |
| This grant is unconditional and is partially utilised for the indigent support through free basic services. | | |
| Finance Management Grant | | |
| Balance unspent at beginning of year | 697 941 | 1 449 008 |
| Current year receipts | 750 000 | 500 000 |
| Conditions met – transferred to revenue | -915 930 | -1 251 067 |
| Unspent amount transferred to liabilities (See Note 18) | 532 011 | 697 941 |
| The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met. | | |
| Municipal Systems Improvement Grant | | |
| Balance unspent at beginning of year | 52 273 | 480 031 |
| Current year receipts | 1 300 000 | 735 000 |
| Conditions met – transferred to revenue | (741 872) | (1 162 758) |
| Unspent amount transferred to liabilities (See Note 18) | 610 401 | 52 273 |
| This grant was used to fund the Municipal Property Rates Rates Implementation process, Asset Management, Upgrade of financial system and Municipal properties verification. The conditions of the grant were met. | | |
| SETA Grant | | |
| Balance unspent at beginning of year | 313 765 | 1 065 631 |
| Adjustment - previous year | - | (271 813) |
| Current year receipts | - | 855 036 |
| Conditions met – transferred to revenue | (313 765) | (1 335 090) |
| Unspent amount transferred to liabilities (See Note 18) | - | 313 765 |
| Refund on Skills Development Levy - not to be recognised as a conditional grant | | |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|-------------------|-------------------|
| | R | R |
| Water Services Grant | | |
| Balance unspent at beginning of year | 20 250 451 | 1 197 451 |
| Current year receipts | 27 712 262 | 26 048 000 |
| Conditions met – transferred to revenue | (22 846 776) | (8 178 929) |
| Transfer to operating | (10 048 000) | 1 183 929 |
| Unspent amount transferred to liabilities (See Note 18) | <u>15 067 937</u> | <u>20 250 451</u> |

This grant was used to fund the operating expenses for the water schemes transferred to the municipality by DWAF. The conditions of the grant were met.

2010 Host City Operating Grant

| | | |
|---|------------------|----------|
| Balance unspent at beginning of year | - | - |
| Current year receipts | 55 845 626 | - |
| Conditions met – transferred to revenue | (50 604 758) | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>5 240 868</u> | <u>-</u> |

This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.

Municipal Infrastructure Grant

| | | |
|---|-------------------|------------------|
| Balance unspent at beginning of year | 3 596 400 | 15 416 812 |
| Current year receipts | 136 093 000 | 62 212 000 |
| Conditions met – transferred to revenue | (54 185 768) | (71 655 800) |
| Other adjustments : transferred to operating | (7 989 290) | (2 376 612) |
| Unspent amount transferred to liabilities (See Note 18) | <u>77 514 343</u> | <u>3 596 400</u> |

This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The amount transferred to operating relates to electrification projects and VIP toilets which does not meet the criteria definition of a capital assets hence service delivery was done

PTIS (Public Transport Plan 2010)

| | | |
|---|---------------------|--------------------|
| Balance unspent at beginning of year | 138 775 865 | 47 147 446 |
| Current year receipts | 50 833 000 | 170 544 000 |
| Conditions met – transferred to revenue | (185 646 214) | (78 915 580) |
| Other adjustments : transferred to operating | (101 394 276) | - |
| Unspent amount transferred to (receivables)/liabilities | <u>(97 431 625)</u> | <u>138 775 866</u> |

The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

Electrification Programme Grant

| | | |
|---|-------------------|-------------------|
| Balance unspent at beginning of year | 13 534 487 | (837 794) |
| Current year receipts | 23 794 000 | 49 320 000 |
| Conditions met – transferred to revenue | (22 186 641) | 35 785 513 |
| Other adjustments : transferred to operating | (1 895 296) | 837 794 |
| Unspent amount transferred to liabilities (See Note 18) | <u>13 246 551</u> | <u>13 534 487</u> |

The grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld. The electrification of households expenditure was transferred to operating expenditure as it is not Council 's assets

2010 World Cup Stadium

| | | |
|---|---------------|--------------------|
| Balance unspent at beginning of year | 176 451 394 | 157 881 973 |
| Current year receipts | 2 489 022 | 390 537 229 |
| Conditions met – transferred to revenue | (178 940 416) | (371 967 808) |
| Unspent amount transferred to receivables | <u>(0)</u> | <u>176 451 394</u> |

The grant was utilised in the construction of a stadium for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

Other Provincial Grants

| | | |
|--|----------------|----------------|
| Balance unspent at beginning of year | 727 916 | 9 248 488 |
| Current year receipts | 456 752 | 504 856 |
| Conditions met – transferred to revenue (Operating Library ICT) | (259 584) | (2 538 495) |
| Conditions met – transferred to revenue (Operating Financial Management) | (56 891) | - |
| Conditions met – transferred to revenue (Operating Municipal Support) | (41 400) | - |
| Conditions met – transferred to revenue (Operating Revenue Enhancement) | (13 957) | - |
| Conditions met – transferred to revenue (Operating Provincial Housing) | (6 032) | - |
| Conditions met – transferred to revenue (Capital Library ICT) | (184 859) | (62 150) |
| Other adjustments | | (6 424 784) |
| Unspent amount transferred to liabilities (See Note 18) | <u>621 944</u> | <u>727 916</u> |

The grants were utilised for various projects as set out in the conditions of the Grants

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|------------------|----------|
| | R | R |
| Department of Agriculture and Land Affairs | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 4 040 000 | - |
| Conditions met – transferred to revenue | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>4 040 000</u> | <u>-</u> |

The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.

| | | |
|---|----------|-----------|
| Ehlanzeni District Municipality | | |
| Balance unspent at beginning of year | - | 894 200 |
| Current year receipts | - | 20 |
| Conditions met – transferred to revenue | - | - |
| Other adjustments | - | (894 220) |
| Unspent amount transferred to liabilities (See Note 18) | <u>-</u> | <u>-</u> |

The grant was used to construct roads and water infrastructure. The conditions of the grant were met and no funds have been withheld.

| | | |
|---|----------|----------|
| Sport | | |
| Balance unspent at beginning of year | - | 1 940 |
| Current year receipts | - | - |
| Conditions met – transferred to revenue | - | - |
| Other adjustments | - | (1 940) |
| Unspent amount transferred to liabilities (See Note 18) | <u>-</u> | <u>-</u> |

The grant was used to construct Nsikasi Sports Stadium. The conditions of the grant were met and no funds have been withheld.

| | | |
|---|----------|----------|
| LED | | |
| Balance unspent at beginning of year | - | 16 929 |
| Current year receipts | - | - |
| Conditions met – transferred to revenue | - | - |
| Other adjustments | - | (16 929) |
| Unspent amount transferred to liabilities | <u>-</u> | <u>-</u> |

The grant was used to promote SMME businesses within the municipal area in accordance with an approved business plan. The conditions of the grant were met.

| | | |
|---|--------------|-------------------|
| 2010 SOCCER WORLD CUP (PROVINCE) | | |
| Balance unspent at beginning of year | 48 000 000 | - |
| Current year receipts | - | 48 000 000 |
| Conditions met – transferred to revenue | (48 000 000) | - |
| Other adjustments | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>-</u> | <u>48 000 000</u> |

The grant was utilised to co-fund the construction of a stadium for the 2010 World Cup. The conditions of the grant were met.

| | | |
|---|-------------|------------------|
| S.A National Roads Agency | | |
| Balance unspent at beginning of year | 6 245 684 | - |
| Current year receipts | - | 6 245 684 |
| Conditions met – transferred to revenue | (6 245 684) | - |
| Other adjustments | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>-</u> | <u>6 245 684</u> |

The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.

| | | |
|---|------------------|------------------|
| Department of Roads and Transport | | |
| Balance unspent at beginning of year | 1 885 490 | - |
| Current year receipts | - | 1 885 490 |
| Conditions met – transferred to revenue | (655 974) | - |
| Other adjustments | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>1 229 516</u> | <u>1 885 490</u> |

The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.

| | | |
|---|------------------|----------|
| EPWP Grant | | |
| Balance unspent at beginning of year | 496 600 | - |
| Current year receipts | - | - |
| Conditions met – transferred to revenue | (740 903) | - |
| Other adjustments | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>(244 303)</u> | <u>-</u> |

The grant is used fund labour intensive projects. The project is in process at 30 June 2010.

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|----------------------|----------------------|
| | R | R |
| DME (Demand Side Management) | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 12 100 000 | - |
| Conditions met - transferred to revenue | (4 982 210) | - |
| Conditions still to be met - remain liabilities | 7 117 790 | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>7 117 790</u> | <u>-</u> |
| MP HOUSING DEPARTMENT (PHUMLANI PRJOJECTS) | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 3 000 000 | - |
| Conditions met - transferred to revenue | (633 636) | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>2 366 364</u> | <u>-</u> |
| The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010. | | |
| NDPG Grant | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 8 976 000 | - |
| Conditions met - transferred to revenue | (35 000) | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>8 941 000</u> | <u>-</u> |
| Grant to be utilised for the re-development in former R 293 towns. The project is in progress at 30 June 2010 | | |
| NATIONAL LOTTERY GRANT | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 1 128 966 | - |
| Conditions met - transferred to revenue | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>1 128 966</u> | <u>-</u> |
| Grant to be utilised for Sports Development programmes. The conditions of the grant has not been met. | | |
| PUBLIC CONTRIBUTIONS - HL HALLS & SONS | | |
| Balance unspent at beginning of year | 3 653 136 | - |
| Current year receipts | - | 3 653 136 |
| Conditions met – transferred to revenue | - | - |
| Other adjustments | - | - |
| Unspent amount transferred to liabilities (See Note 18) | <u>3 653 136</u> | <u>3 653 136</u> |
| The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010. | | |
| 25 AGENCY FEE | | |
| Department of Roads & Transport | <u>20 136 561</u> | <u>18 833 991</u> |
| The municipality acts as an agent for the Department of Roads and Transport in collecting motor vehicle licence fees. The agency fee comprises of a percentage of the fees collected. | | |
| 26 OTHER REVENUE | | |
| Service Contributions | 13 286 153.07 | 8 284 936.20 |
| Electrical Connections | 4 323 093.00 | 2 573 844.42 |
| Licencing & Testing Grounds | 3 143 816.33 | 4 894 970.82 |
| Prescribed Creditors | 2 249 834.34 | - |
| Administration fees (Debt Collection) | 1 856 774.60 | 1 729 113.96 |
| Concession Fee | 1 394 495.71 | 687 500.00 |
| Water Cost Recovery (Silulumanzi) | 1 228 595.42 | 11 545 377.90 |
| Prepaid Commission | 1 186 074.72 | 778 415.29 |
| Building Plan Fees | 851 055.57 | 1 239 466.46 |
| Insurance Claims | 761 866.72 | - |
| Township Recovery Cost | 542 794.49 | 76 566.03 |
| Burial Fees | 387 163.85 | 417 777.10 |
| Sale of Bid Documents | 369 926.65 | 393 862.92 |
| Clearance Certificates | 349 124.21 | 267 722.66 |
| Sales - Sundry | 119 467.77 | 122 311.92 |
| Sundry Income | 2 587 991.49 | 1 183 501.77 |
| | <u>34 638 227.94</u> | <u>34 195 367.45</u> |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|--------------------|--------------------|
| | R | R |
| 27 EMPLOYEE RELATED COSTS | | |
| Employee related costs - Salaries and Wages | 187 566 501 | 153 776 750 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 50 298 879 | 41 357 190 |
| Travel, motor car, accommodation, subsistence and other allowances | 30 200 682 | 12 249 465 |
| Housing benefits and allowances | 2 432 219 | 6 996 148 |
| Overtime payments | 19 573 892 | 28 020 419 |
| Performance and other bonuses | - | - |
| Long-service awards | 833 000 | 241 656 |
| Post retirement medical benefits | 12 314 000 | - |
| Total Employee Related Costs | 303 219 173 | 242 641 628 |

There were no advances to employees / loans to employees

EMPLOYEE RELATED COSTS(cont)

Remuneration of the Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration | 462 807 | 620 672 |
| Performance- and other bonuses | 0 | - |
| Vehicle & Other Allowances | 92 688 | 123 584 |
| Contributions to UIF, Medical and Pension Funds | 136 066 | 176 909 |
| Total | 691 562 | 921 166 |

Remuneration of the Deputy Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration | 511 701 | 520 647 |
| Performance- and other bonuses | - | - |
| Vehicle & Other Allowances | 126 729 | 194 358 |
| Contributions to UIF, Medical and Pension Funds | 158 610 | 150 248 |
| Total | 797 040 | 865 253 |

Remuneration of the Chief Finance Officer

| | | |
|---|----------------|----------------|
| Annual Remuneration | 554 902 | 590 351 |
| Performance- and other bonuses | 0 | - |
| Vehicle & Other Allowances | 73 091 | 102 443 |
| Contributions to UIF, Medical and Pension Funds | 147 093 | 151 576 |
| Total | 775 085 | 844 370 |

Remuneration of Individual General Managers

| | Technical Services R'000 | Corporate Services R'000 | Community Services R'000 |
|---|-----------------------------|-----------------------------|--------------------------------|
| 2010 | | | |
| Annual Remuneration | 452 454 | 428 094 | 414 654 |
| Performance- and other bonuses | - | - | - |
| Vehicle & Other Allowances | 132 807 | 110 707 | 156 000 |
| Contributions to UIF, Medical and Pension Funds | 101 079 | 147 539 | 115 686 |
| Total | 686 340 | 686 340 | 686 340 |

| | Technical Services R'000 | Corporate Services R'000 | Community Services R'000 |
|---|-----------------------------|-----------------------------|--------------------------------|
| 2009 | | | |
| Annual Remuneration | 453 952 | 439 191 | 424 650 |
| Performance- and other bonuses | - | - | - |
| Vehicle & Other Allowances | 139 869 | 117 769 | 202 712 |
| Contributions to UIF, Medical and Pension Funds | 98 653 | 135 546 | 110 575 |
| Total | 692 474 | 692 506 | 737 937 |

The remuneration amounts declared for the Municipal Manager and Managers reporting directly to the Municipal Manager have reduced for the 2009/10 financial year due to backpay on cost of living increases paid during 2008/09.

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|--------------------|--------------------|
| | R | R |
| 28 REMUNERATION OF COUNCILLORS | | |
| Executive Mayor | 557 425 | 578 634 |
| Deputy Executive Mayor | 274 502 | 266 067 |
| Speaker | 289 528 | 222 168 |
| Executive Committee Members | 1 303 363 | 775 493 |
| Councillors | 7 121 248 | 6 609 195 |
| Councillors' pension and medical aid contributions | 1 677 253 | 1 521 642 |
| Councillors' allowances | 4 381 660 | 3 837 618 |
| Total Councillors' Remuneration | 15 604 980 | 13 810 817 |
| In-kind Benefits | | |
| The Executive Mayor, Deputy Executive Mayor, Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council. | | |
| The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has allocated staff towards transport and protection. | | |
| Council provides security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost of the Council. | | |
| 29 DEPRECIATION AND AMORTISATION | | |
| Property, plant and equipment | 285 376 137 | 279 114 792 |
| Intangible assets | 144 457 | 788 204 |
| Investment property carried at cost | 2 935 107 | 2 935 107 |
| Biological assets | 15 795 | 15 795 |
| Total Depreciation and Amortisation | 288 471 496 | 282 853 898 |
| 30 FINANCE COSTS | | |
| Borrowings | 8 290 741 | 9 478 085 |
| Deferred Settlements terms | 4 569 868 | 1 939 789 |
| Provisions | 109 090 | 99 174 |
| Total Finance Costs | 12 969 700 | 11 517 049 |
| 31 BULK PURCHASES | | |
| Electricity | 205 774 372 | 166 807 304 |
| Water | 1 079 374 | 4 791 949 |
| Total Bulk Purchases | 206 853 746 | 171 599 253 |
| 32 CONTRACTED SERVICES | | |
| Contracted services for: | | |
| 2010 related professional services | 68 923 403 | 8 247 093 |
| Formalisation and Township Development | 7 176 353 | 11 564 586 |
| Household electrification & sanitation projects | 11 659 102 | 20 101 044 |
| Water purification and distribution | 21 427 403 | 23 362 929 |
| IT Services | 12 228 086 | 9 984 514 |
| Meter reading services | 3 213 089 | 990 780 |
| Solid Waste Services | 19 332 171 | 11 940 497 |
| Security Services | 7 215 165 | 4 669 524 |
| Other services | 18 323 791 | 4 340 569 |
| Total Contracted Services | 169 498 563 | 95 201 536 |
| 33 GRANTS AND SUBSIDIES PAID | | |
| Grant to SPCA for animal care | 256 000 | 198 126 |
| Total Grants and Subsidies Paid | 256 000 | 198 126 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|--------------------|-------------------|
| | R | R |
| 34 GENERAL EXPENSES | | |
| Included in general expenses are the following:- | | |
| Advertising | 733 827 | 526 886 |
| Agency prepaid commission | 1 191 929 | 787 173 |
| Asset Management Plan | 5 204 628 | 451 589 |
| Audit fees | 2 386 998 | 1 486 767 |
| Bank charges | 1 161 106 | 881 862 |
| Bursaries | 910 703 | 425 337 |
| Chemicals | 984 015 | 882 312 |
| Cleansing hawkers Stalls | 29 300 | - |
| Conferences and delegations | 455 814 | 242 276 |
| Consultation and Development | 1 152 066 | 1 359 703 |
| Clearing Illegal dumping | 608 307 | - |
| Drivers Licence cards | 957 719 | 885 394 |
| Entertainment & Refreshments | 601 167 | 532 573 |
| Electricity (own usage) | 17 278 686 | 4 008 098 |
| Free Basic Water | 6 700 000 | 6 700 000 |
| Free Basic Electricity | 1 330 607 | 1 077 365 |
| Financial management grant | 915 948 | 500 000 |
| HIV /Aids programme | 193 678 | 31 947 |
| Insurance | 3 794 820 | 9 463 226 |
| Legal costs | 2 929 696 | 2 965 632 |
| Marketing | 4 811 055 | 1 329 834 |
| Public Participation | 990 827 | 1 040 700 |
| Public Transport Operational Plan Grant (Operating projects) | 95 027 745 | - |
| Public Transport Operational Plan Grant : Satellite Parking and Public Transport | 5 994 702 | - |
| Medical set members | 1 799 581 | 1 488 733 |
| Membership fees | 1 585 151 | 1 006 466 |
| Postage | 1 622 672 | 1 195 137 |
| Printing and stationery | 2 995 580 | 2 495 090 |
| Recruiting and Selection | 386 939 | 659 678 |
| Rental of office equipment | 481 553 | 405 185 |
| Rental of telephone system | 736 136 | 1 335 395 |
| Rental of Trucks | 1 181 762 | 2 353 773 |
| Skills development levies | 2 236 113 | 1 915 640 |
| Sewerage & Water : Silulumanzi | 5 288 478 | 1 583 511 |
| Telephone | 5 062 758 | 3 343 511 |
| Training | 2 338 007 | 1 335 090 |
| Travel and subsistence | 3 905 116 | 3 191 700 |
| Ward committees | 453 979 | 134 556 |
| Valuation roll costs | 2 632 227 | 10 436 903 |
| Other | 25 684 505 | 29 176 338 |
| Total General Expenses | 214 735 898 | 97 635 380 |
| 35 REPAIRS AND MAINTENANCE | | |
| Roads | 47 883 008 | 31 747 826 |
| - Dirt Roads | 34 524 983 | 22 537 840 |
| - Streets & Storm water | 13 358 025 | 9 209 986 |
| Water and Sewerage Infrastructure & Services | 20 318 185 | 13 134 124 |
| Vehicles | 16 971 756 | 16 995 599 |
| Electrical Infrastructure & Services | 13 470 066 | 9 638 943 |
| Parks, Gardens and Open Spaces | 5 771 051 | 4 489 459 |
| Buildings | 4 332 408 | 3 747 696 |
| Machinery & Equipment | 4 249 804 | 3 932 060 |
| Traffic Control Equipment | 1 786 898 | 1 679 646 |
| Landfill Site and Waste Removal Services | 1 423 746 | 1 063 429 |
| Sport Facilities | 660 169 | 613 504 |
| Other | 3 508 596 | 2 512 574 |
| | 120 375 687 | 89 554 860 |
| 36 PROFIT (LOSS) ON DISPOSAL OF ASSETS | | |
| Property, plant and equipment | 238 323 | (37 213) |
| Total Profit (Loss) on Disposal of Assets | 238 323 | (37 213) |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|----------------------|----------------------|
| | R | R |
| 37 CASH GENERATED BY OPERATIONS | | |
| Surplus/(deficit) for the year | 228 044 199 | 248 022 983 |
| Adjustment for:- | | |
| Non-cash items: | - | - |
| (Gain) / loss on sale of assets | (238 323) | 37 213 |
| Contribution to provisions - non-current | 13 021 168 | 4 407 910 |
| Depreciation and amortisation | 288 126 980 | 282 577 803 |
| Previous year adjustments | | 528 432 997 |
| Impairment loss / (reversal of impairment loss) | 51 062 666 | 101 931 037 |
| Cash items | | |
| Finance costs | 12 969 700 | 11 517 049 |
| Finance Income | (37 154 824) | (72 077 702) |
| Operating surplus before working capital changes: | 555 831 566 | 1 104 849 290 |
| Increase in inventories | (806 084) | (352 942) |
| Increase in trade receivables | (59 028 514) | (96 192 508) |
| (Increase)/decrease in other receivables | (101 382 340) | 18 492 049 |
| (Increase)/decrease in VAT | (60 263 803) | 956 525 |
| (Decrease)/increase in conditional grants and receipts | (272 900 112) | 180 194 657 |
| Increase/(decrease) in trade payables | 149 422 639 | (49 145 322) |
| Increase/(decrease) in consumer deposits | 369 596 | (4 453 150) |
| Increase in other liabilities | (7 749 635) | 81 314 201 |
| Cash generated by/(utilised in) operations | 203 493 313 | 1 235 662 800 |
| 38 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents included in the cash flow statement comprise the following: | | |
| Bank balances and cash | 25 864 540 | 567 212 597 |
| Bank overdrafts | (82 045 108) | - |
| Net cash and cash equivalents (net of bank overdrafts) | (56 180 568) | 567 212 597 |
| 39 CHANGE IN ACCOUNTING POLICY | | |
| The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP 17: | | |
| Property, plant and equipment | | |
| Balance previously reported: | (1 254 203 957) | |
| Valued at cost and fair value of property, plant and equipment | 4 780 280 541 | |
| Reversal of GRAP error from previous year | (19 030 131) | |
| Total | 3 507 046 453 | |
| Credited to accumulated surplus | | 3 507 046 453 |
| Investment Property | | |
| Balance previously reported | - | |
| Implementation of GRAP | | |
| Cost/fair value of investment property | 91 839 885 | |
| Total | 91 839 885 | |
| Credited to accumulated surplus | | 91 839 885 |
| Intangible assets | | |
| Balance previously reported - | - | |
| Implementation of GRAP | | |
| Cost/fair value of intangible assets | 2 988 937 | |
| Total | 2 988 937 | |
| Credited to accumulated surplus | | 2 988 937 |
| Biological assets | | |
| Balance previously reported - | - | |
| Implementation of GRAP | | |
| Cost/fair value of biological assets | 94 770 | |
| Total | 94 770 | |
| Credited to accumulated surplus | | 94 770 |
| Accumulated Surplus/(Deficit) | | |
| Fair value of property, plant and equipment previously not recorded | | 3 507 046 453 |
| Fair value of investment property previously not recorded | | 91 839 885 |
| Fair value of intangible assets previously not recorded | | 2 988 937 |
| Fair value of biological assets previously not recorded | | 94 770 |
| Total | - | 3 601 970 045 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|----------------|---------------------|
| | R | R |
| 40 CORRECTION OF ERROR | | |
| The net surplus for the year has been adjusted by the following errors:- | | |
| Annual insurance premium expensed on payment rather than apportioned between insurance expenses and insurance prepaid. Insurance prepayment adjustment made in the 2009 financial year. | | (883 894) |
| Reversal of audit fee accrual incorrectly raised in the year ended 30 June 2009 | | (1 329 042) |
| VIP toilets incorrectly capitalised in the previous year now expensed | | 39 912 723 |
| Reallocation of amount to accumulated surplus that was previously recognised as water service trust fund liability. | | (86 669) |
| Amounts received from SETA that should have been accrued in previous year | | (313 764) |
| Depreciation adjustment due to unbundling of property, plant and equipment | | 281 789 599 |
| Amortisation of intangible assets | | 788 204 |
| Output VAT incorrectly accrued on agency fee revenue collections | | 3 540 793 |
| Prescribed Penalties and Vat | | (201 989) |
| Prescribed retention and guarantees | | (25 000) |
| Unwinding of Interest on retention | | 270 750 |
| Correction of a debtor incorrectly raised - GNUC inventory | | 277 559 |
| Net effect on surplus | | 323 739 271 |
| The opening accumulated surplus has been adjusted for the following errors:- | | |
| Contractors retentions that prescribed before 2008/09 written off. | | (881 214) |
| Liabilities that have prescribed and for which no valid obligation exists. | | (226 989) |
| Reallocation of non-conditional service contributions | | (17 972 680) |
| Reversal of GRAP error from previous year | | (19 030 131) |
| Being landfill provision not raised in previous years | | 99 174 |
| Net effect on the opening balance of the accumulated surplus | | (36 113 269) |
| Assets | | |
| Liabilities | | |
| Net effect on Statement of Financial Position | - | - |
| 41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | |
| Unauthorised expenditure | | |
| Reconciliation of unauthorised expenditure | | |
| Opening balance | | |
| Unauthorised expenditure current year | | |
| Approved by Council or condoned | | |
| Transfer to receivables for recovery | | |
| Unauthorised expenditure awaiting authorisation | | |
| | - | - |
| Fruitless and wasteful expenditure | | |
| Reconciliation of Fruitless and Wasteful expenditure | | |
| Opening balance | 370 675 | 333 858 |
| Fruitless and Wasteful Expenditure expenditure current year | 20 428 | 36 817 |
| Approved by Council or condoned | - | - |
| Transfer to receivables for recovery | (57 245) | - |
| Unauthorised expenditure awaiting authorisation | 333 858 | 370 675 |

| Incident | Disciplinary steps/criminal proceedings |
|--|---|
| Late payment of invoice that Council had a contractual obligation to pay | |
| Review of the current service level agreement for Council to get value for money | |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---|--------------------|------------------|
| | R | R |
| Irregular expenditure | | |
| Reconciliation of Irregular Expenditure | | |
| Opening balance | 2 845 434 | 1 231 940 |
| Irregular expenditure current year | 153 580 292 | 1 625 316 |
| Approved by Council or Condoned | - | - |
| Transfer to receivables for recovery | (1 625 316) | (11 822) |
| Irregular expenditure awaiting authorisation | 154 800 410 | 2 845 434 |

| Incident | Disciplinary steps/criminal proceedings | Amount |
|---|---|--------------------|
| Leadership Development Programme expenditure not budgeted for and supply chain management processes not complied with . | | 80 000 |
| Steps to recover the amount of R80 000 from the former Executive Mayor, Cllr J Nsibande are in process | | |
| Contracts awarded to the Employees of the State - Prohibited in terms of SCM Regulation 44 | | 1 427 110 |
| Contracts awarded to own Employees - Prohibited in terms of SCM Regulation 44 | | 81 422 |
| Invoice not as per tendered amount - Overpayment of Supplier due to inflated VAT charged | | 278 674 |
| Tender not awarded to the bidder who scored the highest points | | 1 584 691 |
| SCM processes not properly followed | | 2 418 900 |
| Advertising period not in terms of the SCM Regulation | | 34 066 741 |
| Conditional Grant funds utilized to complete PTIS projects and 2010 World Cup Operational Plan due to a budget cut of R120 million by National Treasury in January 2010 - the said grant funds were already committed for the completion of 2010 World Cup Projects. (Council approved that amount of R 103,342,500 may be used as bridging finance at the meeting held 5 March 2010 council resolution A(2)) | | 113 642 754 |
| Total | | 153 580 292 |

42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE
MANAGEMENT ACT AND APPLICABLE REGULATIONS

Contributions to SALGA

| | | |
|--|-------------|-----------|
| Opening balance | - | - |
| Council subscriptions | 1 556 540 | 993 216 |
| Amount paid - current | (1 556 540) | (993 216) |
| Amount paid - previous years | | |
| Balance unpaid (included in payables) | - | - |

Audit fees

| | | |
|--|----------------|----------------|
| Opening balance | 232 858 | 29 843 |
| Current year audit fee | 2 393 224 | 1 888 571 |
| Amount paid - current year | (674 510) | (564 828) |
| Amount paid - previous years | (1 712 939) | (1 120 728) |
| Balance unpaid (included in payables) | 238 633 | 232 858 |

VAT

| | | |
|--|--------------|--------------|
| Opening Balance | 20 499 662 | 21 260 046 |
| Total Amount claimed from SARS during the year | 120 625 288 | 93 597 822 |
| Total Amount received during the year | (59 983 805) | (94 317 875) |
| Adjustments after 30 June | (377 679) | (236 474) |
| Amount due to the municipality | 80 763 465 | 20 303 518 |

VAT input receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.

PAYE and UIF

| | | |
|--|--------------|--------------|
| Opening balance | - | - |
| Current year payroll deductions | 34 041 301 | 31 484 142 |
| Amount paid - current year | (34 041 301) | (31 484 142) |
| Amount paid - previous years | | |
| Balance unpaid (included in payables) | - | - |

Pension and Medical Aid Deductions

| | | |
|---|--------------|--------------|
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 48 500 534 | 57 888 978 |
| Amount paid - current year | (48 500 534) | (57 888 978) |
| Amount paid - previous years | | |
| Balance unpaid (included in payables) | - | - |

Councillor's arrear consumer accounts

No Councillor was in arrears during the reporting period

Deviations from Supply Chain Management Policy

| | | |
|--|-------------------|-------------------|
| Deviations during the year | 27 713 497 | 44 558 555 |
| Total deviations from Supply Chain Management | 27 713 497 | 44 558 555 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|---------------------|------|------|
| Refer to Appendix F | R | R |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|--------------------|--------------------|
| | R | R |
| 43 CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure | | |
| Approved and contracted for | 183 134 767 | 640 581 400 |
| Infrastructure | 156 435 636 | 282 245 376 |
| Community | 4 105 029 | 231 011 831 |
| Other | 22 594 102 | 127 324 193 |
| The expenditure will be financed from | 183 134 767 | 640 581 400 |
| Accumulated Surplus | 80 281 092 | 224 997 394 |
| External Loans | 12 146 524 | 78 885 847 |
| Government Grants | 90 707 151 | 336 698 159 |

44 RELATED PARTIES

Members of key management and the remuneration thereof are set out in Note 24.

The remuneration of councillors and other in-kind benefits is set out in Note 25

The Municipality has an interest in MEDA, which is a dormant Section 21 Company.

Related party balances

There is no related party indebtedness.

Related party transactions

Contracts awarded to the Employees of the State
Contracts awarded to own Employees

1 427 110
81 422
1 508 532

Refer to note 41 regarding **UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes

Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations. Financial

- Consumer and other receivables
- Investments
- Loans receivable
- Cash and cash equivalents

Consumer and other receivables

Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Loans receivable

Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counterparties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

| | 2010 | 2009 |
|--|-------------------|--------------------|
| | R | R |
| Maximum exposure to credit risk at reporting date was: | | |
| Held-to-maturity investments | 10 364 137 | 20 017 418 |
| Cash and cash equivalents | 13 275 420 | 567 765 022 |
| Total maximum exposure to credit risk (excluding loans and receivables) | 23 639 557 | 587 782 440 |

Maximum exposure to credit risk at reporting date for loans and receivables as per counter parties was:

| | | |
|--|--------------------|-------------------|
| Consumer debtors and other receivables | 53 256 142 | 45 290 296 |
| Other receivables | 114 685 848 | 153 636 |
| Total maximum exposure to credit risk for loans and receivables | 167 941 990 | 45 443 932 |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|------|------|
| | R | R |

Impairment losses

All of the Municipality's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision of **R244 144 972** (2009: R258 023 681) has been recorded accordingly. The impaired consumer receivables are mostly due from consumers defaulting on service costs levied by the Municipality. Refer to Note 3 for the impairment reconciliation of consumer and other receivables.

Some of the unimpaired consumer receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

| | 2010 | 2009 |
|--|--------------------|--------------------|
| | R | R |
| Not more than 180 days | 49 495 695 | 53 325 275 |
| More than 180 days but not more than 1080 days | 125 262 869 | 115 752 978 |
| More than 1080 days | 103 136 952 | 88 945 427 |
| | 277 895 515 | 258 023 680 |

The ageing of impaired consumer receivables at reporting date was as follows:

| | 2010 | 2009 |
|--|-------------------|-------------------|
| | R | R |
| Not more than 180 days | 53 015 402 | 43 525 135 |
| More than 180 days but not more than 1080 days | - | 839 519 |
| More than 1080 days | - | 143 560 |
| | 53 015 402 | 44 508 214 |

Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings.

At reporting date the interest rate profile of the Municipality's interest bearing financial instruments was:

Fixed rate instruments

| | | |
|-----------------------|------------|------------|
| Financial assets | 10 364 137 | 20 017 418 |
| Financial liabilities | 57 973 128 | 65 759 304 |

Variable rate instruments

| | | |
|-----------------------|---|---|
| Financial assets | - | - |
| Financial liabilities | - | - |

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non- Derivative financial liabilities

30 June 2010

Secured bank loans
Trade and other payables
Finance lease liability

| Carrying amount | Contractual cash flows | 0-1 years |
|-----------------|---------------------------|-----------|
| - | - | - |

Non- Derivative financial liabilities

30 June 2009

Secured bank loans
Trade and other payables
Finance lease liability

| Carrying amount | Contractual cash flows | 0-1 years |
|-----------------|---------------------------|-----------|
| - | - | - |

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

| | 2010 | 2009 |
|--|-------------------|------|
| | R | R |
| 46 CONTINGENT LIABILITIES | 2010 | |
| | R | |
| Damage Claims | | |
| - Prollius E / MLM - Defamation claim against Council and its employee (vicarious liability). Matter defended – independent legal advice obtained & there are reasonable prospects of MLM succeeding with its defence. | 80 000 | |
| - Nkumane MS / MLM - Defamation / actio injuria – claim against MLM and its employee (vicarious liability) | 70 000 | |
| - GXZ Business Enterprises / MLM - Alleged negligence on MLM's fire services to extinguish fire and save property. Fire destroyed a business premises and stock. | 1 301 475 | |
| - Tshisaphumngo / MLM - Unlawful arrest & detention and malicious criminal prosecution by traffic officers. Case is defended. There are no merits to the claim. | 160 000 | |
| - Neetling J / MLM - General and special damages claim emanating from falling into a manhole | 70 000 | |
| - Mazibuko ME / MLM - Car tyre damages (within excess) | 1 579 | |
| - Helberg LM / MLM - Motor vehicle repairs (within excess) | 7 248 | |
| - Bellim MK / MLM - Storm water damage to property in Nelsville | 12 221 | |
| - Joubert D / MLM - Loss of income (tender 50/2010) – under investigation | 350 000 | |
| Court Applications | | |
| - United Taxi Association - Spoliation order – court application to restore control, possession and access to Nelspruit Taxi Rank. | - | |
| - Whiteriver Ratepayers Association / MLM - Court application to restore water supply - water allegedly restricted during the July 2009 strike. | - | |
| Labour Claim | | |
| - Van Rensburg / MLM - Retrenchment payout (CCMA) | 662 886 | |
| Contract Claims | | |
| - Telegenix / MLM - Procurement dispute – MLM terminated a services contract with Telegenix following a court order. Telegenix is claiming for loss of income from Council. Matter defended – the contract was terminated by operation of the law. | 7 000 000 | |
| - JOT Engineering / MLM - Interdict / review application – JOT seeks an interdict to restrain Council from appointing another service provider and to set aside the termination of contract by MLM | - | |
| - Ensemble Trading / MLM - Procurement dispute – claim emanates from a cession of payment agreement which was not honoured by MLM. Case is being defended. MML did not form part of the aforesaid agreement as required by the General Conditions of Contract and liability had already been settled at time of contract. | 2 000 000 | |
| - SCINFIN / MLM - Procurement dispute – claim emanates from termination of a service contract between Council and Gestetner, which was ceded to SCINFIN. Case is defended. Investigation conducted and an Independent legal advice sought. The procurement processes were materially flawed and the allocation was not cost effective and competitive. | 450 000 | |
| - P & E Energy / MLM - Maintenance costs at Nelspruit Taxi Rank | 48 728 | |
| - Unique Welding Alloy - Services rendered | 7 693 | |
| - SAMRO / MLM - Music license fee | 2 183 | |
| - Nashua Mobile / MLM - 3G Connection / use charges | 122 401 | |
| - Sillulumanzi / MLM - Abortive Costs (Bid 21/2006) following termination of contract. | 1 097 291 | |
| - Sillulumanzi / MLM- UNESCO Travelling costs for Councillors and officials | 363 000 | |
| | 13 806 704 | |
| 47 CONTINGENT ASSETS | | |
| Contract Claims | | |
| - Du Toit Smuts Mathews Phosa Attorneys - Breach of contract | 320 000 | |
| - Desert Wind Properties - Recovery of services contribution and breach of contract | 3 000 000 | |
| - FIFA- 10% revenue of the net ticketing sales in cash or in kind. Income not quantifiable at the reporting date | 10 000 000 | |
| Labour Claims | | |
| - Ngwenya SD & Others - Leave days claims from former employees | 10 000 | |
| - Phelembe BP - Enrichment action (payment of undue salary) | 33 000 | |
| - Mthombeni & Others- Overpayment of officials during October 2009 | 462 077 | |
| | 13 825 077 | |
| 48 POST BALANCE SHEET EVENTS | | |
| 1) The contingent liability disclosed for JOT Engineering regarding a contract claim was defended successfully | | |
| 2) The contingent liability disclosed for GXZ Business Entiprise regarding a damage claim was finalised | | |

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX A
SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2010

| Borrowings | Loan No. | Redeemable | Balance at 30 June 2009 | Interest paid during the period | Received during the period | Redeemed or written off during the period | Balance at 30 June 2010 |
|--|----------|------------|-------------------------|---------------------------------|----------------------------|---|-------------------------|
| | | | R | R | R | R | R |
| INTEREST BEARING | | | | | | | |
| Local Registered Stock | | | | | | | |
| Stock Loan@ 11.60% | 3 | 1976/2001 | 3 000 | - | - | - | 3 000 |
| Stock Loan@ 17.20% | 79A | 30/06/2011 | 2 900 000 | 498 800 | - | - | 2 900 000 |
| Stock Loan@ 17.00% | 80A | 30/06/2011 | 9 000 000 | 1 530 000 | - | - | 9 000 000 |
| | | | 11 903 000 | 2 028 800 | - | - | 11 903 000 |
| Annuity Loans | | | | | | | |
| ABSA R14 350 000 @13.10% | | 2002/2012 | 6 938 106 | 805 457 | - | 1 775 403 | 5 162 703 |
| DBSA R22 000 000 @15.50% | | 1998/2016 | 17 977 127 | 2 580 515 | - | 1 404 119 | 16 573 008 |
| INCA R25 000 000 @ 10.50% | | 2005/2020 | 21 555 432 | 2 138 910 | - | 1 145 217 | 20 410 215 |
| INCA R15 000 000 @12.61% | | 2001/2011 | 4 715 598 | 470 599 | - | 2 210 065 | 2 505 533 |
| INCA R 8 300 000 @12.61% | | 2002/2011 | 2 670 041 | 266 460 | - | 1 251 371 | 1 418 670 |
| | | | 53 856 304 | 6 261 941 | 0 | 7 786 176 | 46 070 128 |
| TOTAL INTEREST BEARING BORROWINGS | | | 65 759 304 | 8 290 741 | 0 | 7 786 176 | 57 973 128 |
| FINANCE LEASES | | | | | | | |
| Various | Various | Various | 59 319 | | 444 086 | (296 243) | 207 162 |
| Net-Finane Leases | | | 59 319 | 0 | 444 086 | (296 243) | 207 162 |
| Total | | | 65 818 623 | 8 290 741 | 444 086 | 7 489 933 | 58 180 290 |

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

| | HISTORICAL COST | | | | | ACCUMULATED DEPRECIATION | | | | | Carrying Value |
|--|------------------------------|----------------------|--------------------|-------------------|------------------------------|--------------------------|----------------------|------------------|-------------------|----------------------|----------------------|
| | Opening Balance 01 July 2009 | Additions/ Transfers | Under Construction | Disposals | Closing Balance 30 June 2010 | Opening Balance | Additions/ Transfers | Disposals | Impairment losses | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | |
| LAND AND BUILDINGS | 625 695 221 | 3 245 444 | 22 803 600 | - | 651 744 266 | 35 387 027 | 5 006 309 | - | - | 40 393 336 | 611 350 930 |
| Civic land & buildings and other | 622 602 594 | 163 857 | 4 925 669 | | 627 692 121 | 33 429 764 | 4 789 404 | | | 38 219 168 | 589 472 955 |
| Land fill site | 3 092 627 | 3 081 587 | 17 877 931 | | 24 052 145 | 1 957 263 | 216 904 | | | 2 174 167 | 21 877 976 |
| INFRASTRUCTURE | 4 596 490 170 | 241 035 049 | 138 843 994 | - | 4 976 369 213 | 602 768 122 | 268 350 186 | - | - | 871 118 308 | 4 105 250 905 |
| Roads, pavements, bridges & stormwater | 2 594 826 405 | 124 865 503 | 34 559 297 | | 2 754 251 205 | 342 081 523 | 200 272 346 | | | 542 353 869 | 2 211 897 336 |
| Water reservoirs & reticulation | 1 028 706 109 | 71 016 780 | 45 490 984 | | 1 145 213 874 | 179 687 208 | 29 991 428 | | | 209 678 637 | 935 535 237 |
| Car parks, bus terminals & taxi ranks | | | | | | | | | | | |
| Electricity | 385 127 844 | 32 058 246 | 29 001 494 | | 446 187 584 | 43 988 022 | 14 542 075 | | | 58 530 097 | 387 657 487 |
| Sewerage purification & reticulation | 587 829 812 | 13 094 515 | 29 792 219 | | 630 716 550 | 37 011 368 | 23 544 336 | | | 60 555 704 | 570 160 846 |
| Housing | | | | | | | | | | | |
| Street lighting | | | | | | | | | | | |
| Refuse sites | | | | | | | | | | | |
| Other (town planning & development) | | | | | | | | | | | |
| COMMUNITY ASSETS | 966 635 674 | 366 203 078 | 745 327 | - | 1 333 584 079 | 11 662 194 | 3 135 451 | - | - | 14 797 645 | 1 318 786 434 |
| Parks & gardens | 33 965 330 | | | | 33 965 330 | 826 941 | 86 176 | | | 913 117 | 33 052 213 |
| Sports fields | 897 195 503 | 365 782 522 | | | 1 262 978 025 | 6 969 616 | 1 712 344 | | | 8 681 960 | 1 254 296 065 |
| Community halls | 19 363 106 | 420 556 | 513 829 | | 20 297 491 | 1 979 455 | 1 027 905 | | | 3 007 416 | 17 290 075 |
| Libraries | 2 467 485 | | | | 2 467 485 | 295 864 | 98 234 | | | 394 098 | 2 073 386 |
| Recreational facilities | | | | | | | | | | | |
| Clinics | 517 625 | | | | 517 625 | 209 035 | 24 266 | | | 233 301 | 284 324 |
| Museums & art galleries | | | | | | | | | | | |
| Cementaries | 13 126 625 | | 231 498 | | 13 358 123 | 1 381 283 | 186 472 | | | 1 567 755 | 11 790 368 |
| INVESTMENT PROPERTIES | 354 807 487 | | | | 354 807 487 | 3 196 602 | 2 935 107 | | | 6 131 709 | 348 675 776 |
| INTANGIBLES | 6 734 270 | 451 733 | - | - | 7 186 003 | 3 745 333 | 144 457 | - | - | 3 889 791 | 3 296 212 |
| Software and other | 4 063 361 | 451 733 | | | 4 515 094 | 3 745 333 | 144 457 | | | 3 889 791 | 625 303 |
| Servitudes | 2 670 909 | | | | 2 670 909 | | | | | | 2 670 909 |
| BIOLOGICAL ASSET | 110 565 | | | | 110 565 | 15 795 | 15 795 | | | 31 590 | 78 975 |
| OTHER ASSETS | 92 678 443 | 65 488 170 | - | 9 836 533 | 148 330 080 | 61 846 078 | 6 122 335 | 7 751 361 | - | 60 217 052 | 88 113 025 |
| Other motor vehicles | 50 031 328 | 41 155 532 | | 8 457 513 | 82 729 348 | 29 201 265 | 4 148 577 | 6 578 715 | | 26 771 127 | 55 958 223 |
| Plant & equipment | | | | 616 908 | | | | | | | |
| Office equipment | 19 299 648 | 4 079 920 | | | 22 762 660 | 14 081 418 | 696 617 | 557 236 | | 14 220 795 | 8 541 861 |
| Markets | 272 496 | | | | 272 496 | 44 495 | 9 074 | | | 53 569 | 218 926 |
| Security measures (including fencing) | 387 955 | | | | 387 955 | 314 061 | 69 076 | | | 383 135 | 4 810 |
| Other (including IT) | 22 687 017 | 20 252 717 | | 762 112 | 42 177 622 | 18 204 840 | 1 198 990 | 615 410 | | 18 788 415 | 23 389 202 |
| SPECIALISED VEHICLES | 16 825 954 | 6 280 761 | 8 283 000 | 1 125 373 | 30 264 341 | 3 557 811 | 2 675 506 | 1 019 354 | - | 5 213 963 | 25 050 378 |
| Refuse | 9 464 994 | 5 196 561 | | | 14 661 554 | 2 181 290 | 1 535 343 | | | 3 716 633 | 10 944 924 |
| Conservancy | 4 179 242 | 1 084 200 | | 882 376 | 4 381 068 | 1 057 683 | 746 833 | 783 197 | | 1 021 317 | 3 359 745 |
| Fire | 3 181 718 | | 8 283 000 | 242 997 | 11 221 721 | 318 838 | 393 335 | 236 157 | | 476 016 | 10 745 705 |
| SUB TOTAL | 6 659 977 784 | 682 704 235 | 170 675 922 | 10 961 906 | 7 502 396 034 | 722 178 963 | 288 385 146 | 8 770 715 | - | 1 001 793 394 | 6 500 602 640 |
| Leased Assets | - | 444 086 | - | - | 444 086 | - | 86 350 | - | - | 86 350 | 357 736 |
| Office equipment | | 444 086 | | | 444 086 | | 86 350 | | | 86 350 | 357 736 |
| TOTAL | 6 659 977 784 | 683 148 321 | 170 675 922 | 10 961 906 | 7 502 840 120 | 722 178 963 | 288 471 496 | 8 770 715 | - | 1 001 879 744 | 6 500 960 376 |
| | HISTORICAL COST | | | | | ACCUMULATED DEPRECIATION | | | | | |

| | Opening Balance 01 July 2008 | Additions/ Transfers | Under Construction | Disposals | Closing Balance 30 June 2009 | Opening Balance | Additions/ Transfers | Disposals | Impairment losses | Closing Balance | Carrying Value |
|--|------------------------------|----------------------|--------------------|------------------|------------------------------|--------------------|----------------------|----------------|-------------------|--------------------|----------------------|
| | R | R | R | R | R | R | R | R | R | R | R |
| LAND AND BUILDINGS | 615 605 656 | 10 842 543 | 693 269 | 1 446 247 | 625 695 221 | 31 171 025 | 4 704 890 | 488 889 | - | 35 387 027 | 590 308 195 |
| Civic land & buildings and other | 612 513 029 | 10 842 543 | 693 269 | 1 446 247 | 622 602 594 | 29 430 668 | 4 487 985 | 488 889 | | 33 429 764 | 589 172 330 |
| Land Fill Site | 3 092 627 | | | | 3 092 627 | 1 740 357 | 216 905 | | | 1 957 262 | 1 135 365 |
| INFRASTRUCTURE | 4 384 491 666 | 73 883 238 | 139 717 760 | 1 602 493 | 4 596 490 170 | 336 087 061 | 267 153 663 | 472 602 | | 602 768 122 | 3 993 722 045 |
| Roads, pavements, bridges & stormwater | 2 499 150 119 | 34 365 204 | 61 311 082 | | 2 594 826 405 | 141 834 740 | 200 246 793 | | | 342 081 523 | 2 252 744 883 |
| Water reservoirs & reticulation | 989 750 635 | 17 284 632 | 21 670 842 | | 1 028 706 109 | 150 366 009 | 29 321 201 | | | 179 687 209 | 849 018 900 |
| Car parks, bus terminals & taxi ranks | | | | | | | | | | - | - |
| Electricity reticulation | 318 286 533 | 22 233 402 | 44 607 905 | | 385 127 844 | 29 946 679 | 14 041 343 | | | 43 988 022 | 341 139 821 |
| Sewerage purification & reticulation | 575 701 885 | | 12 127 926 | | 587 829 812 | 13 467 032 | 23 544 336 | | | 37 011 368 | 550 818 444 |
| Housing | 1 602 493 | | | 1 602 493 | | 472 602 | | 472 602 | | - | - |
| Street lighting | | | | | | | | | | - | - |
| Refuse sites | | | | | | | | | | - | - |
| Other (town planning & development) | | | | | | | | | | - | - |
| COMMUNITY ASSETS | 536 221 995 | 10 677 507 | 419 736 172 | - | 966 635 674 | 8 600 013 | 3 062 181 | - | | 11 662 194 | 954 973 480 |
| Establishment of parks & gardens | 33 965 330 | | | | 33 965 330 | 739 468 | | | | 826 941 | 33 138 388 |
| Sports fields | 468 818 037 | 8 713 025 | 419 664 441 | | 897 195 503 | 5 257 272 | 1 712 344 | | | 6 969 616 | 890 225 887 |
| Community halls | 19 291 375 | | 71 731 | | 19 363 106 | 951 494 | 1 027 981 | | | 1 979 455 | 17 383 651 |
| Libraries | 1 865 710 | 601 775 | | | 2 467 485 | 217 691 | 78 173 | | | 295 864 | 2 171 621 |
| Recreational facilities | | | | | | | | | | - | - |
| Clinics | 517 625 | | | | 517 625 | 184 768 | 24 266 | | | 209 035 | 308 590 |
| Museums & art galleries | | | | | | | | | | - | - |
| Other (Cemeteries) | 11 763 915 | 1 362 707 | | | 13 126 625 | 1 249 315 | 131 964 | | | 1 381 283 | 11 745 342 |
| INVESTMENT PROPERTIES | 354 807 487 | - | - | - | 354 807 487 | 261 495 | 2 935 107 | - | - | 3 196 602 | 351 610 885 |
| INTANGIBLES | 4 588 241 | 2 056 029 | 90 000 | - | 6 734 270 | 2 957 129 | 788 204 | - | - | 3 745 333 | 2 988 936 |
| Software and other | 3 931 241 | 42 120 | 90 000 | | 4 063 361 | 2 957 129 | 788 204 | | | 3 745 333 | 318 021 |
| Servitudes | 657 000 | 2 013 909 | | | 2 670 909 | | | | | - | 2 670 909 |
| BIOLOGICAL ASSET | 110 565 | | 28 332 389 | | 110 565 | | 15 795 | | | 15 795 | 94 770 |
| OTHER ASSETS | 79 987 802 | 12 687 376 | 3 265 | - | 92 678 443 | 59 127 120 | 2 718 959 | - | | 61 846 078 | 30 832 365 |
| Other motor vehicles | 41 558 955 | 8 472 373 | | | 50 031 328 | 27 770 105 | 1 431 160 | | | 29 201 265 | 20 830 063 |
| Plant & equipment | | | | | | | | | | - | - |
| Office equipment | 16 873 434 | 2 426 214 | | | 19 299 648 | 13 911 013 | 170 406 | | | 14 081 418 | 5 218 225 |
| Markets | 272 496 | | | | 272 496 | 35 421 | 9 074 | | | 44 495 | 228 001 |
| Security measures (including fencing) | 387 955 | | | | 387 955 | 241 605 | 72 456 | | | 314 061 | 73 894 |
| Other (including IT) | 20 894 962 | 1 788 789 | 3 265 | | 22 687 017 | 17 168 976 | 1 035 864 | | | 18 204 840 | 4 482 177 |
| SPECIALISED VEHICLES | 9 554 419 | 7 271 534 | - | - | 16 825 954 | 2 082 712 | 1 475 099 | - | | 3 557 811 | 13 268 143 |
| Refuse | 4 548 027 | 4 916 967 | | | 9 464 994 | 1 193 474 | 987 816 | | | 2 181 290 | 7 283 704 |
| Conservancy | 4 179 242 | | | | 4 179 242 | 690 677 | 367 006 | | | 1 057 683 | 3 121 555 |
| Fire | 827 150 | 2 354 568 | | | 3 181 718 | 198 561 | 120 277 | | | 318 838 | 2 862 875 |
| TOTAL | 5 985 367 831 | 117 418 228 | 588 572 855 | 3 048 740 | 6 659 977 784 | 440 286 556 | 282 853 898 | 961 491 | - | 722 178 963 | 5 937 798 821 |

MBOMBELA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX C

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

| | HISTORICAL COST | | | | | ACCUMULATED DEPRECIATION | | | | | |
|--|--------------------|----------------------|--------------------|-----------|----------------------|--------------------------|----------------------|-------------------|-----------|--------------------|----------------------|
| | Opening Balance | Additions/ Transfers | Under Construction | Disposals | Closing Balance | Opening Balance | Additions/ Transfers | Impairment losses | Disposals | Closing Balance | Carrying Value |
| | R | R | | R | R | R | R | | R | R | R |
| EXECUTIVE COUNCIL | 980 397 242 | 481 865 037 | 20 305 925 | - | 1 448 010 840 | 4 018 503 | 4 696 305 | | - | 8 714 808 | 1 439 296 032 |
| Council General | 713 713 | | | | 713 713 | 421 790 | 7 034 | | | 428 824 | 284 889 |
| Executive mayor & councillors | 1 089 173 | 473 822 | | | 1 562 995 | 846 475 | 156 834 | | | 1 003 309 | 559 686 |
| Municipal Manager | 524 449 | 1 692 620 | | | 2 217 069 | 270 898 | 27 200 | | | 298 098 | 1 918 971 |
| Chief Operation Manager | 978 069 907 | 479 698 596 | 20 305 925 | | 1 443 517 063 | 2 479 340 | 4 505 237 | | | 6 984 577 | 1 436 532 486 |
| FINANCE & ADMINISTRATION | 42 380 708 | 768 581 | 1 929 838 | - | 45 079 127 | 19 307 930 | 1 823 757 | | - | 21 131 687 | 23 947 440 |
| Chief financial officer | 3 071 050 | 119 295 | 159 300 | | 3 349 645 | 2 886 445 | 11 123 | | | 2 897 568 | 452 076 |
| Financial planning | 878 062 | 162 006 | | | 1 040 068 | 452 806 | 84 420 | | | 537 226 | 502 842 |
| Income and revenue management | 2 783 899 | 197 452 | | | 2 981 351 | 1 807 155 | 55 632 | | | 1 862 787 | 1 118 563 |
| Debts collection and credit control | 1 266 122 | 59 286 | | | 1 325 408 | 1 265 232 | 2 889 | | | 1 268 121 | 57 287 |
| Information technology | 1 300 038 | 90 767 | | | 1 390 805 | 181 851 | 270 945 | | | 452 796 | 938 009 |
| Human resources | 628 381 | 68 872 | 1 770 538 | | 2 467 791 | 309 763 | 5 097 | | | 314 860 | 2 152 931 |
| Support services | 2 895 661 | | | | 2 895 661 | 1 976 785 | 620 212 | | | 2 596 997 | 298 664 |
| Property services | 28 613 585 | | | | 28 613 585 | 9 666 785 | 773 438 | | | 10 440 223 | 18 173 362 |
| Admin and legal services | 822 325 | | | | 822 325 | 729 523 | | | | 729 523 | 92 802 |
| Director corporate services | 121 585 | 70 904 | | | 192 489 | 31 585 | | | | 31 585 | 160 904 |
| Other & admin | | | | | | | | | | | |
| PLANNING & DEVELOPMENT | 34 172 220 | 686 250 | 55 901 316 | - | 90 759 786 | 10 697 524 | 2 220 711 | | - | 12 918 235 | 77 841 551 |
| Planning & development | 20 813 846 | 686 250 | 31 916 337 | | 53 416 432 | 7 097 002 | 595 294 | | | 7 692 296 | 45 724 136 |
| Technical & civil engineering | 13 358 374 | | 23 984 979 | | 37 343 353 | 3 600 522 | 1 625 417 | | | 5 225 939 | 32 117 414 |
| ROAD TRANSPORT | 409 832 891 | 7 875 542 | 32 545 570 | - | 450 254 003 | 133 070 836 | 11 231 644 | | - | 144 302 480 | 305 951 522 |
| Vehicle licensing & testing | 7 639 197 | | | | 7 639 197 | 2 339 746 | | | | 2 339 746 | 5 299 451 |
| Roads & stormwater | 362 405 258 | 5 877 939 | 32 545 570 | | 400 828 767 | 106 977 183 | 11 231 644 | | | 118 208 827 | 282 619 939 |
| Roads other | 39 788 436 | 1 997 603 | | | 41 786 039 | 23 753 907 | | | | 23 753 907 | 18 032 132 |
| HEALTH | 707 233 | 81 869 | - | - | 789 102 | 595 547 | 10 301 | | - | 605 848 | 183 254 |
| Clinics | | | | | | | | | | | |
| Health other | 707 233 | 81 869 | | | 789 102 | 595 547 | 10 301 | | | 605 848 | 183 254 |
| COMMUNITY & SOCIAL SERVICES | 64 467 641 | 3 454 732 | 652 064 | - | 68 574 436 | 22 089 679 | 1 469 982 | | - | 23 473 311 | 45 014 775 |
| Libraries & archives | 2 587 458 | 599 582 | | | 3 187 040 | 471 821 | 254 803 | | | 726 624 | 2 460 415 |
| Museum & Art Galleries | 12 880 757 | 956 561 | 420 566 | | 14 257 883 | 3 966 253 | 327 979 | | | 4 294 232 | 9 963 651 |
| Community halls & facilities | 16 198 433 | | | | 16 198 433 | 6 505 176 | | | | 6 505 176 | 9 693 257 |
| Civic centre | 21 551 949 | | | | 21 551 949 | 8 515 415 | | | | 8 515 415 | 13 036 534 |
| Cemeteries & crematoriums | 8 665 978 | 1 833 918 | 231 498 | | 10 731 394 | 980 719 | 788 169 | | | 1 768 888 | 8 962 507 |
| Director community services | 2 583 066 | 64 672 | | | 2 647 738 | 1 650 295 | 99 031 | | | 1 749 326 | 898 412 |

MBOMBELA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX C

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

| | HISTORICAL COST | | | | | ACCUMULATED DEPRECIATION | | | | | |
|---|----------------------|----------------------|--------------------|---------------------|----------------------|--------------------------|----------------------|-------------------|------------------|----------------------|----------------------|
| | Opening Balance | Additions/ Transfers | Under Construction | Disposals | Closing Balance | Opening Balance | Additions/ Transfers | Impairment losses | Disposals | Closing Balance | Carrying Value |
| | R | R | | R | R | R | R | | R | R | R |
| PUBLIC SAFETY | 36 034 219 | 12 418 373 | 10 824 702 | | 59 277 294 | 14 420 058 | 4 595 433 | | - | 19 015 491 | 40 261 803 |
| Fire rescue | 11 544 004 | 884 708 | 8 201 860 | | 20 630 573 | 4 502 885 | 652 712 | | | 5 155 597 | 15 474 975 |
| Traffic | 24 490 215 | 11 533 665 | 2 622 842 | | 38 646 722 | 9 917 173 | 3 942 721 | | | 13 859 894 | 24 786 828 |
| ENVIRONMENTAL PROTECTION | - | - | - | - | - | - | - | - | - | - | - |
| Environmental Protection | | | | | | | | | | | |
| SPORT & RECREATION | 14 955 855 | 334 678 | - | - | 15 290 533 | 2 651 597 | 345 111 | | - | 2 996 708 | 12 293 826 |
| Sport & recreation | 14 955 855 | 334 678 | | | 15 290 533 | 2 651 597 | 345 111 | | | 2 996 708 | 12 293 826 |
| WASTE WATER MANAGEMENT | 150 035 461 | 37 027 834 | 11 750 736 | - | 198 814 031 | 47 426 401 | 5 141 724 | | - | 52 568 125 | 146 245 906 |
| Sewerage | 150 035 461 | 37 027 834 | 11 750 736 | | 198 814 031 | 47 426 401 | 5 141 724 | | | 52 568 125 | 146 245 906 |
| WASTE MANAGEMENT | 30 784 947 | 81 778 588 | 14 400 213 | - | 126 963 748 | 12 321 016 | 2 552 217 | | - | 14 873 233 | 112 090 515 |
| Solid waste | 30 784 947 | 81 778 588 | 14 400 213 | | 126 963 748 | 12 321 016 | 2 552 217 | | | 14 873 233 | 112 090 515 |
| HOUSING | 7 643 634 | 63 074 | - | - | 7 706 708 | 2 586 919 | 161 879 | | - | 2 748 798 | 4 957 910 |
| Housing | 7 643 634 | 63 074 | | | 7 706 708 | 2 586 919 | 161 879 | | | 2 748 798 | 4 957 910 |
| OTHER | - | - | - | - | - | - | - | - | - | - | - |
| Other | | | | | | | | | | | |
| WATER | 354 587 099 | 27 947 778 | 22 365 557 | - | 404 900 434 | 58 900 777 | 9 279 092 | | - | 68 179 869 | 336 720 564 |
| Water distribution | 294 483 998 | 27 947 778 | 22 365 557 | | 344 797 333 | 46 109 875 | 9 279 092 | | | 55 388 967 | 289 408 365 |
| Water storage | 60 103 101 | | | | 60 103 101 | 12 790 902 | | | | 12 790 902 | 47 312 199 |
| ELECTRICITY | 203 785 018 | 28 130 438 | - | - | 231 915 456 | 79 249 259 | 8 945 835 | | - | 88 195 094 | 143 720 363 |
| Electricity distribution | 152 673 593 | 28 130 438 | | | 180 804 031 | 77 061 824 | 8 945 835 | | | 86 007 659 | 94 796 373 |
| Street lighting | 51 111 425 | | | | 51 111 425 | 2 187 435 | | | | 2 187 435 | 48 923 990 |
| LED, Tourism and Trade Administration | - | 715 546 | - | - | 715 546 | | 114 975 | | | 114 975 | 600 571 |
| LED, Tourism and Trade Administration | | 715 546 | | | 715 546 | | 114 975 | | | 114 975 | 600 571 |
| SUB TOTAL | 2 329 784 168 | 683 148 321 | 170 675 922 | 10 961 906 | 3 172 646 504 | 407 336 046 | 52 588 966 | | 8 770 715 | 451 154 298 | 2 721 492 206 |
| Correction of prior years Error(Unbundling of Assets) | 4 330 193 616 | | | | 4 330 193 616 | 314 842 917 | | | | 314 842 917 | 4 015 350 700 |
| Current year adjustment | | | | | | | 235 882 530 | | | 235 882 530 | (235 882 530) |
| TOTAL | 6 659 977 784 | 683 148 321 | 170 675 922 | (10 961 906) | 7 502 840 120 | 722 178 963 | 288 471 496 | - | 8 770 715 | 1 001 879 745 | 6 500 960 375 |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

| 2009 ACTUAL INCOME R | 2009 ACTUAL EXPENDITURE R | 2009 SURPLUS / (DEFICIT) R | | 2010 ACTUAL INCOME R | 2010 ACTUAL EXPENDITURE R | 2010 SURPLUS / (DEFICIT) R |
|---|--|---|-------------------------------|---|--|---|
| 151 230 410 | 21 773 040 | 129 457 370 | Executive & Council | 249 758 902 | 241 291 210 | 8 467 692 |
| 232 617 269 | 186 931 054 | 45 686 214 | Finance & Admin | 234 255 256 | 141 194 580 | 93 060 677 |
| 2 283 779 | 44 203 370 | (41 919 591) | Planning & Development | 2 355 924 | 34 437 484 | (32 081 560) |
| 251 348 | 8 421 555 | (8 170 208) | Health | 271 730 | 10 918 406 | (10 646 676) |
| 741 523 | 39 067 489 | (38 325 966) | Community & Social Services | 1 728 370 | 47 024 649 | (45 296 279) |
| 29 626 449 | 78 027 269 | (48 400 820) | Public Safety | 3 084 503 | 64 456 356 | (61 371 853) |
| 275 991 647 | 27 006 595 | 248 985 051 | Sport & Recreation | 185 814 292 | 13 986 015 | 171 828 277 |
| 38 097 266 | 81 085 224 | (42 987 958) | Waste Management | 42 802 094 | 76 363 637 | (33 561 543) |
| 244 125 888 | 149 845 491 | 94 280 397 | Road Transport | 423 205 295 | 277 647 578 | 145 557 716 |
| 28 761 757 | 57 637 175 | (28 875 419) | Waste Water (Sewerage) | 26 107 568 | 22 360 168 | 3 747 400 |
| 77 288 918 | 159 322 527 | (82 033 609) | Water | 102 617 768 | 121 372 183 | (18 754 415) |
| 273 959 522 | 253 870 883 | 20 088 638 | Electricity | 339 037 647 | 332 525 723 | 6 511 923 |
| 1 354 975 773 | 1 107 191 672 | 247 784 101 | Sub-Total | 1 611 039 349 | 1 383 577 989 | 227 461 359 |
| | (37 213) | (37 213) | Gain/(Loss) on sale of assets | 238 323 | - | 238 323 |
| 1 354 975 773 | 1 107 228 885 | 247 746 888 | Total | 1 611 277 672 | 1 383 577 989 | 227 699 682 |

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET

| | 2010 Actual R | 2010 Revised Budget R | 2010 Variance R | 2010 Variance % | Explanations of significant variances greater than 10% versus budget |
|---|----------------------|--------------------------------|-----------------------|--------------------|--|
| REVENUE | | | | | |
| Property rates | 187 192 358 | 181 426 033 | 5 766 325 | 3 | |
| Service charges | 401 689 880 | 397 835 585 | 3 854 295 | 1 | |
| Rental of facilities and equipment | 1 412 305 | 2 458 613 | -1 046 308 | (43) | Reversal of Airport Charges |
| Interest earned – external investments | 16 389 721 | 17 236 088 | -846 367 | (5) | |
| Interest earned – outstanding debtors | 20 765 102 | 25 733 682 | -4 968 580 | (19) | Debtors were written off during October 2009- this caused a reduction in the monthly levy of interest and the indigents which was written in May 2010 and the interest raised was written back to the interest on arrear accounts |
| Fines | 3 022 962 | 3 466 844 | -443 882 | (13) | On average 30% of fines issued is recovered from offenders. The traffic officers also participated in various strikes during the financial year and were suspended, during which period no fines were issued |
| Licenses & permits | 9 219 | 6 824 729 | -6 815 510 | (100) | The variance is due to the incorrect accounting of the motor vehicle licence receipts and payments to the Dept of Roads and Transport |
| Revenue for agency services | 20 136 561 | 79 066 941 | -58 930 380 | (75) | Council is only an agent for the Dept and should therefore recognise the agency fee as revenue and not the portion of the license payable to the Department. Processes have been implemented to ensure the correct accounting in the 2010/2011 financial year |
| Government grants & subsidies – operating | 397 738 141 | 293 103 652 | 104 634 489 | 36 | Business plans for various projects (VIP toilets and Electrification of households) was submitted and approved by National Treasury for funding out of the Municipal Infrastructure Grant. The projects were budgeted for under the capital budget. On capitalisation - the project didn't meet the criteria definition of an asset and therefore had to be expensed. The grant income in this regard had been recognised as operating grant income as the conditions of the grants were met |
| Government grants & subsidies – capital | 528 044 870 | 0 | 528 044 870 | 100 | Implementation of GAMAP 9 due to the fact that GRAP 23 has not yet been approved. All capital projects funded through capital grants are budgeted for in the capital budget and not on operating budget but for financial reporting revenue should be recognised on the statement of financial performance when the conditions of the grants are met |
| Other revenue | 34 638 228 | 38 172 910 | -3 534 682 | (9) | |
| Depreciation Offset | 0 | 26 449 370 | -26 449 370 | (100) | |
| Internal Recoveries | 0 | 5 650 528 | -5 650 528 | (100) | Budget Line Items (Non Financial Reporting Items) |
| Total Revenue | 1 611 039 349 | 1 077 424 975 | 533 614 374 | 49.53 | |

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET

| | 2010 Actual R | 2010 Revised Budget R | 2010 Variance R | 2010 Variance % | Explanations of significant variances greater than 10% versus budget |
|---|------------------------------|--------------------------------------|----------------------------|----------------------------|--|
| EXPENDITURE | | | | | |
| Employee related costs | 303 219 173 | 298 870 083 | 4 349 090 | 1 | |
| Remuneration of councillors | 15 604 980 | 15 787 057 | (182 077) | (1) | |
| Bad debts | 51 062 666 | 60 523 439 | (9 460 773) | (16) | Implementation of revenue enhancement strategy |
| Collection costs | 530 080 | 535 654 | (5 574) | (1) | |
| Depreciation | 288 471 496 | 48 376 521 | 240 094 975 | 496 | Update of fixed asset register (Non-Financial) |
| Repairs & maintenance | 120 375 687 | 136 097 333 | (15 721 647) | (12) | Dirt Roads Maintannance budget adjusted upwards during adjustment budget (5 March 2010) - R1 Million per ward for 36 wards = R36 Million as a result of Council resolution which had to be spent within a period of 3 months |
| Finance costs | 12 969 700 | 9 492 587 | 3 477 113 | 37 | Due to interest on provision for rehabilitation on landfill site and interest on discounted retention |
| Bulk purchases | 206 853 746 | 230 588 694 | (23 734 948) | (10) | |
| Grants & subsidies paid | 256 000 | 256 000 | - | - | |
| Contracted services | 169 498 563 | 140 647 873 | 28 850 690 | 21 | Expenses of operating projects that were incorrectly capitalised as a result of being budgeted for under capital budget |
| General expenses | 214 735 899 | 152 907 126 | 61 828 773 | 40 | PTIS operating projects expensed |
| Inter Departmental Charges | - | 174 744 438 | (174 744 438) | (100) | |
| Amounts Charged Out | - | (176 019 330) | 176 019 330 | (100) | Budget Line Items (Non Financial Reporting Items) |
| Total Expenditure | 1 383 577 989 | 1 092 807 475 | 290 770 514 | 26.61 | |
| Gain/ (Loss) on disposal of assets | 238 323 | 15 517 500 | (15 279 177) | (98) | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | 227 699 683 | 135 000 | 227 564 683 | | |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

| | 2010 Actual R | 2010 Under Construction R | 2010 Total Additions R | 2010 Revised Budget R | 2010 Variance R | 2010 Variance % | Explanations of significant variances greater than 10% versus budget |
|--|---------------------|---------------------------------|------------------------------|-----------------------------|-----------------------|-----------------------|--|
| EXECUTIVE & COUNCIL | 3 226 630 | 2 069 299 | 5 295 929 | 26 140 402 | 20 844 473 | 80% | |
| Executive & Council | 3 226 630 | 2 069 299 | 5 295 929 | 26 140 402 | 20 844 473 | 80% | Capital projects that does not meet the definition of an asset and were therefore expended: - Development of 2010 World Cup Fan park = R18,318,645 |
| FINANCE & ADMINISTRATION | 2 268 134 | 1 929 838 | 4 197 972 | 12 301 344 | 8 103 372 | 66% | |
| Finance | 538 039 | | 538 039 | 2 268 239 | 1 730 200 | 76% | Supply Chain Management System worth R1.5 million was procured in April 2010 and payment will be made during 2010/11 financial year. |
| Information Technology | 90 767 | | 90 767 | 411 730 | 320 963 | 78% | Saving on roll-over from the 2008/09 Financial Year |
| Human Resources | 68 872 | 1 770 538 | 1 839 410 | 2 168 874 | 329 464 | 15% | Saving on Municipal Building Renovation Project |
| Property Services | | | | | | | |
| Other & Admin | 1 570 456 | 159 300 | 1 729 756 | 7 452 501 | 5 722 745 | 77% | Implementation of CCTV Camera Project worth R4.5 million commenced in June 2010; payment will be made during 2010/11 financial year. Projects to the value of R800,000 to revamp Council Chambers were put on hold for implementation during the 2010/11 financial year |
| PLANNING & DEVELOPMENT | 686 250 | | 686 250 | 3 827 708 | 3 141 458 | 82% | |
| Planning & Development | 686 250 | | 686 250 | 3 827 708 | 3 141 458 | 82% | Capital projects that does not meet the definition of an asset and were therefore expended |
| ROAD TRANSPORT | 119 776 668 | 34 559 297 | 154 335 964 | 323 101 246 | 168 765 282 | 52% | |
| Vehicle Licensing & Testing | 52 934 | | 52 934 | 413 542 | 360 608 | 87% | Capital Project delayed due to cash flow restraints |
| Roads & Storm water | 114 114 252 | 34 559 297 | 148 673 548 | 214 984 483 | 66 310 935 | 31% | Projects reprioritized to provide bridging finance for the completion of the Water, Sewerage and Public Transport Infrastructure for the 2010 World Cup |
| Roads Other | 5 609 483 | | 5 609 483 | 107 703 221 | 102 093 738 | 95% | Capital projects that does not meet the definition of an asset and were therefore expended: - PTIS operating projects - R 101,022,446 |
| HEALTH | 81 869 | | 81 869 | 83 670 | 1 801 | 2% | |
| Clinics | 81 869 | | 81 869 | 83 670 | 1 801 | 2% | |
| COMMUNITY & SOCIAL SERVICES | 2 990 898 | 745 327 | 3 736 225 | 4 984 519 | 1 248 294 | 25% | |
| Libraries & Archives | 265 683 | | 265 683 | 265 824 | 141 | 0% | |
| Community Halls & Facilities | 2 697 215 | 513 829 | 3 211 044 | 3 633 695 | 422 651 | 12% | Projects reprioritized due to cash flow constraints |
| Cemeteries & Crematoriums | 28 000 | 231 498 | 259 498 | 1 085 000 | 825 502 | 76% | Late appointment of Service Provider to conduct an investigation for new cemeteries - the project will be completed during 2010/11 financial year. |
| PUBLIC SAFETY | 12 483 754 | 8 283 000 | 20 766 754 | 37 518 084 | 16 751 330 | 45% | |
| Fire | 530 620 | 8 283 000 | 8 813 620 | 24 355 632 | 15 542 012 | 64% | Fire Equipment and Vehicles procured during May 2010 - delivered in the 2010/11 Financial Year |
| Traffic | 11 953 134 | | 11 953 134 | 13 162 452 | 1 209 318 | 9% | |
| SPORT & RECREATION | 365 782 522 | | 365 782 522 | 353 350 096 | (12 432 426) | -4% | |
| Sport & Recreation | 365 782 522 | | 365 782 522 | 353 350 096 | (12 432 426) | -4% | |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

| | 2010 | 2010 | 2010 | 2010 | 2010 | 2010 | Explanations of significant variances greater than 10% versus budget |
|--|-------------|-------------------------|----------------------|---------------------|---------------|---------------|--|
| | Actual R | Under Construction R | Total Additions R | Revised Budget R | Variance R | Variance % | |
| | | | | | | | |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

| | 2010 Actual R | 2010 Under Construction R | 2010 Total Additions R | 2010 Revised Budget R | 2010 Variance R | 2010 Variance % | Explanations of significant variances greater than 10% versus budget |
|--|---------------------|---------------------------------|------------------------------|-----------------------------|-----------------------|-----------------------|--|
| WASTE WATER MANAGEMENT | 34 492 898 | 29 792 219 | 64 285 118 | 116 795 764 | 52 510 646 | 45% | |
| Sewerage | 34 492 898 | 29 792 219 | 64 285 118 | 116 795 764 | 52 510 646 | 45% | Capital projects that does not meet the definition of an asset and were therefore expended: - Installation of VIP Toilets = R 2,595,100 Projects reprioritised to provide bridging finance for the completion of the Water, Sewerage and Public Transport Infrastructure for the 2010 World Cup |
| WASTE MANAGEMENT | 34 991 581 | 17 877 931 | 52 869 513 | 60 401 326 | 7 531 813 | 12% | |
| Solid Waste | 34 991 581 | 17 877 931 | 52 869 513 | 60 401 326 | 7 531 813 | 12% | Procurement of Waste Compactor Trucks - devilered in 2010/11 financial year |
| HOUSING | 6 964 732 | | 6 964 732 | 7 547 197 | 582 465 | 8% | |
| Housing | 6 964 732 | | 6 964 732 | 7 547 197 | 582 465 | 8% | |
| WATER | 54 462 652 | 45 490 984 | 99 953 636 | 206 502 762 | 106 549 126 | 52% | |
| Water Distribution | 44 548 078 | 45 490 984 | 90 039 062 | 190 753 134 | 100 714 072 | 53% | Projects reprioritised to provide bridging finance for the completion of the Water, Sewerage and Public Transport Infrastructure for the |
| Water Storage | 9 914 573 | | 9 914 573 | 15 749 628 | 5 835 055 | 37% | |
| ELECTRICITY | 43 780 101 | 29 928 026 | 73 708 128 | 143 001 141 | 69 293 013 | 48% | |
| Electricity Distribution | 42 092 864 | 29 928 026 | 72 020 890 | 139 674 113 | 67 653 223 | 48% | Capital projects that does not meet the definition of an asset and were therefore expended: - Electrification of Schools & Households = R 13,233,200 Saving realized on the construction for the 2010 stadium - R11.5million Late implementation of Energy Efficiency Demand Side Management Project - R7 Million Electrification Projects amounting to R11.6 million implementation was delayed due to the R 200 million loan from DBSA approved in July 2010 |
| Street Lighting | 1 687 237 | | 1 687 237 | 3 327 028 | 1 639 791 | 49% | Projects reprioritized due to cash flow constraints |
| LED, Tourism and Trade Administration | 715 546 | | 715 546 | 802 243 | 86 697 | 11% | |
| LED, Tourism and Trade Administration | 715 546 | | 715 546 | 802 243 | 86 697 | 11% | |
| TOTAL | 682 704 235 | 170 675 922 | 853 380 156 | 1 296 357 502 | 442 977 346 | 34% | |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|-----------------------------------|-----------|-----------------|---------------|------------------|
| G & S Security | 12 531 | - | - | - |
| P & P Construction | 33 807 | - | - | - |
| Sitananzi Contract cc | 22 598 | - | - | - |
| 2010 Xperts | - | - | 9 300 | 4 100 |
| 600SA Holdings (Pty) Ltd | - | - | - | 35 092 |
| A.L Spinner | 2 100 | - | 9 100 | - |
| A.S.W Andre steel & welding | - | - | - | 11 503 |
| ACTI CON | - | - | - | 570 |
| training institute | - | - | - | 3 500 |
| Aeronetworks (PTY) LTD | 6 419 | - | - | - |
| Afgr Coporations | - | 24 026 | - | - |
| Afrec (Pty) Ltd | - | - | 26 700 | - |
| Afroshine Holding | - | - | - | 29 995 |
| Air Liqueur | - | - | - | 1 197 |
| Albert Van Zyl Inc | 6 612 | - | - | - |
| Alfred Nkambule | - | - | - | 800 |
| All Electronic Services | - | - | - | 2 250 |
| Alstom Siyakha | 5 418 | - | - | - |
| Altec Auto Electric CC | - | - | - | 164 929 |
| Amabhuhesi Training | - | - | - | 7 979 |
| General Trading | - | - | - | 9 700 |
| Amber Electric | 18 234 | - | 263 841 | - |
| Andre steel and welding | - | 8 390 | - | 69 964 |
| Andre's Car Installation | - | - | - | 8 000 |
| Anosa Investments | - | - | - | 9 900 |
| Antech Electronics | 900 | - | - | 1 800 |
| Applied Gas cc | - | - | - | 755 |
| Aqua Centre Nelspruit | 677 730 | 3 833 | - | - |
| Argo Publication cc | - | 21 583 | - | - |
| Asongeni building it | - | - | 1 819 | 4 472 |
| Astra tours events | - | - | 300 | - |
| Atlantic Café | - | - | - | 1 968 |
| Atlas Plastics | - | 34 035 | - | - |
| ATTI | - | - | - | 21 600 |
| Auto Electrical | - | - | - | 4 215 |
| Auto Engineering ta cylinder | - | - | - | 1 774 |
| Avax SA | 1 482 | - | - | - |
| Avusa Media Limited | 860 | 7 658 | - | 82 222 |
| Babata Pumps | - | - | 37 510 | - |
| Babcock Equipment | - | - | - | 9 897 |
| Banda K.E | - | 400 | - | - |
| Baraket retailer cc | - | - | - | 11 036 |
| Barloworld Equipment | - | 76 250 | - | 36 616 |
| Barprint | - | - | 4 731 | 17 454 |
| Barry Theron Electronics | - | 10 260 | - | - |
| Basic Blue 379 | - | - | - | 3 600 |
| Battery Centre | - | - | - | 690 |
| Bearings international | - | - | - | 1 664 |
| Bees Africa | - | - | - | 4 200 |
| Bekedi Trading Enterprise | - | - | - | 8 450 |
| Bell equipment sales limited | - | - | - | 114 513 |
| Berco Express | - | - | - | 4 341 |
| Best Book Educational Supplier | - | - | - | 28 098 |
| Bizzy Ladies/East of Eden | - | - | 38 598 | 1 640 |
| Blue Link Advertisint & Marketing | - | 6 859 | - | - |
| Blue weaver cc | - | 59 085 | - | - |
| Bobb's General Trading | 1 359 | - | - | - |
| Boekenhoutkloof Traffic College | - | 2 506 | - | - |
| Bosman Attorneys | 11 185 | - | - | - |
| Bowman Gilfillian | 1 217 | - | - | - |
| Brabys | - | 2 011 | - | - |
| Brackenhill farm | 3 192 | - | - | - |
| Brayshaw filtration | - | - | - | 1 513 |
| Breakdown Specialists | - | - | - | 449 294 |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|------------------------------------|-----------|-----------------|---------------|------------------|
| Budget van Rental | - | - | - | 97 390 |
| Buhle Besive Construction | - | - | - | 29 298 |
| Burruers warehouse | - | - | - | 22 495 |
| Buscor (Pty) Ltd | - | - | - | 25 460 |
| Business Day | - | 2 434 | - | - |
| Busisani trading | - | - | - | 29 700 |
| C&R Contractors | - | - | - | 2 082 |
| Exchange Services | - | - | - | 1 105 |
| C.J Botha Logistics 2000 | - | - | - | 114 979 |
| C.R Breytenbach | 13 410 | - | - | - |
| Cam Trac | - | - | - | 34 100 |
| Camp and Gas | - | - | 645 | 10 093 |
| Canlog | - | - | - | 84 769 |
| Canon | - | - | - | 1 528 |
| Cape Media Corporation | - | - | - | 29 640 |
| Cape Union Mart | - | - | - | 799 |
| Car towing services SA | - | - | - | 4 665 |
| Carmica Medical | - | - | - | 3 071 |
| Distributors CC | - | - | - | 2 394 |
| Centro Sign | - | - | - | 12 483 |
| Centurion Turf | - | - | - | - |
| CESA | - | 6 050 | - | - |
| Chaos Mash Trading | 10 815 | - | - | - |
| Charmont Media cc | - | 480 | - | - |
| Chem-Tec Chemical Services cc | - | - | - | 18 890 |
| Chubb Security | 713 | - | - | - |
| CIGRE | - | - | - | 12 430 |
| Clau-clau Academy | - | - | - | 1 500 |
| Clau-Clau Ladies | - | - | - | 1 000 |
| Clouet Technical | - | - | - | 3 550 |
| Coast South Africa | - | 31 348 | - | - |
| Coastal and manyane | 7 200 | - | - | - |
| Comle Nice | - | 400 | - | - |
| Computer Foundation | - | - | 22 559 | - |
| Computers on Call | - | - | 11 785 | 18 958 |
| Concor | - | - | 39 123 | - |
| Concrete Creations | - | - | - | 5 961 |
| Contact Communications | 7 580 | - | - | 20 068 |
| Contract Paving | - | - | - | 17 778 |
| SNF Supplier | - | - | - | 8 618 |
| Conway General Suppliers cc | - | 1 042 | - | 504 247 |
| Costa do Sol Restaurant | - | - | - | 210 111 |
| Courier and freight group | - | - | - | 548 |
| Coversear Library | - | 9 001 | - | - |
| Crawleys Locksmith cc | 6 018 | 1 450 | 2 089 | 2 123 |
| Creamer Media (pty) Ltd | - | 936 | - | - |
| Croco Thela | - | - | 2 550 | - |
| Crossing Photolab | - | - | 6 744 | - |
| Cruise Busn Cleaning | 37 821 | - | - | - |
| CTU Training Solutions | - | 57 000 | - | - |
| Cum Books | - | - | 2 223 | - |
| CV & Propshaft Exchange Services | - | - | - | 8 083 |
| Cyrus Projects cc | - | 3 990 | - | 3 585 |
| D Mac Hydraulics & Engineering | - | - | - | 203 248 |
| Daikin Air Conditioners | 8 640 | 27 862 | - | - |
| Daklas and Rothman general trading | 3 820 | - | - | - |
| Damelin | - | - | 20 480 | - |
| Danie du Toit Trekker Dienst | - | - | - | 256 710 |
| Daniella Trading cc | 17 539 | - | - | - |
| Dawson & Dobson | 28 949 | - | - | 42 395 |
| Deedsweb | - | 2 069 | - | - |
| Deloitte Consulting | - | - | 2 000 | - |
| Delttek Automotive | - | - | - | 10 349 |
| DENOSA | - | 373 | - | - |
| Dept. of Roads & Transport | - | 65 670 | - | - |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|-------------------------------------|-----------|-----------------|---------------|------------------|
| DHL Express | - | - | - | 3 205 |
| (Pty) Ltd | - | - | - | 8 687 |
| Dil Trek Mpumalanga | - | - | - | 5 666 |
| Dion Wred | - | 5 688 | - | - |
| solutions | - | 16 510 | - | - |
| Drangemini General | - | 16 200 | - | - |
| Drangemini General | - | - | - | - |
| Domsamfana Logistics | - | - | - | 47 083 |
| Don Gresswell Library | - | 20 031 | - | - |
| Donald Sibiya | - | - | - | 800 |
| Dos Santos Filling Station | - | - | - | 390 |
| DPI Incledon | - | 28 004 | - | - |
| Dr AW Hollman | - | - | 273 | - |
| Dr M.A Mdhuli | - | 7 800 | - | - |
| Dr Van Rensburg & Partners | - | - | 842 | - |
| Dr. R.I Gangat | - | - | 3 373 | - |
| Drik Van Staden Elektries | 5 608 | - | - | - |
| DTS | - | - | - | 3 300 |
| Dudu M Trading | - | - | - | - |
| E.K Embroideries | - | - | - | 7 212 |
| Earth to Earth | - | - | 29 788 | - |
| Eastern Cape | - | - | - | - |
| Eastern Cape | - | 2 110 | - | - |
| Eastern Cape | - | 32 396 | - | - |
| Edmond Twala | - | - | 3 600 | - |
| Edward Banda | - | - | 500 | - |
| EES- Siyakha | - | - | 3 418 | - |
| Electro Control Systems | - | - | - | 43 297 |
| Elwami Trading cc | - | - | 1 800 | - |
| training academy | - | - | 5 686 | - |
| Engen Blue Haze | - | - | - | 3 782 |
| Engineering Council of South Africa | - | 2 048 | - | - |
| ER Consulting - Nelspruit | 1 426 | - | - | - |
| Eric Mutobvu | - | 400 | - | - |
| Eskom | - | 28 247 | - | - |
| Essential Publishing | - | 30 438 | - | - |
| Evergreen seedling | - | 7 934 | - | - |
| Eversheds | - | 6 309 | - | - |
| Exclusive books | - | - | 94 739 | - |
| Ezgro Seedlings | - | 25 090 | - | - |
| ERK Phakisa Operation | - | - | - | 283 833 |
| ERK Phakisa Operation | - | - | - | - |
| Fakude James | - | - | 400 | - |
| Fankomo Sizwe | - | - | - | 300 |
| Fastrack Trading 339 CC | 1 400 | - | - | - |
| Fever tree nursery | - | 285 | - | - |
| Fire Control Security Services | - | - | - | 4 017 |
| Fire Protection Association of SA | - | - | 29 925 | - |
| Firebirds team | - | - | - | 1 000 |
| Flamingo FC | - | - | - | 300 |
| Fleet Cube Academy | - | - | 12 871 | - |
| Fleet street publications | - | - | - | 330 |
| Focus form CC | - | 5 859 | - | - |
| Forest Agri (Pty) Ltd | - | 1 583 | - | 2 116 |
| Forms Media Independent Africa | - | - | - | 20 759 |
| Forum Pharmacy | - | - | 5 745 | - |
| Francolin | - | - | - | 1 875 |
| Front foot strategic consulting | - | - | 3 990 | - |
| Fubong Trading | - | - | 29 200 | - |
| Funchal Resturant | - | - | - | 2 817 |
| Funulwazi Protection services | 12 819 | - | - | - |
| Sibande Trade cc | - | - | 450 | - |
| G.M. Simangul | 3 990 | - | - | - |
| Construction | - | - | - | - |
| Gallagher Fencing | 11 734 | - | - | - |
| Gama stars | - | - | - | 1 000 |
| GBDS Gearbox & Diff Services | - | - | - | 110 770 |
| Ghost Cartoons & Carticature | - | 1 600 | - | - |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|---------------------------------------|-----------|-----------------|---------------|------------------|
| Giant Inflatables | - | - | - | 36 800 |
| Gidzumtsimba Trading | - | - | - | 19 500 |
| Gininda lolly daniel | - | - | 400 | - |
| Give Traders | 24 624 | - | - | - |
| Glasfit | - | - | - | 2 632 |
| Glaz Joy | - | - | 2 500 | - |
| Global Africa Network | - | - | 6 783 | - |
| Technology | - | 2 306 | - | - |
| Global Prospectus | - | - | 19 916 | - |
| GM Sihlangu Construction | 14 583 | - | - | - |
| Government Printing Works | - | - | 2 585 | - |
| Gracious projects | - | - | - | 527 427 |
| Green Cross manufacturers | - | - | 11 782 | - |
| Group 600 SA | - | - | - | 4 515 |
| H&V Mobile Electrics | - | - | 9 239 | 11 523 |
| H20 International | - | - | - | 5 113 |
| Happy People Trading | 453 841 | - | - | - |
| Harvey World Travel | - | - | - | 20 351 |
| Hawards Traning institute | - | - | - | 31 915 |
| High Echelon Trading 20cc | 11 000 | - | - | - |
| Hi-Q country wide | - | - | - | 10 159 |
| Hloyasane Electrical Technologies | 841 796 | - | - | - |
| Hobam civil works | 27 360 | - | - | - |
| Home Grown Magazine | - | - | 19 209 | - |
| Home Neethling | - | - | 7 050 | - |
| HomeGrown Magazines | - | - | 50 559 | - |
| Hot Stuff Electrical | 2 299 | - | - | - |
| HTS Business Surpport (pty) Ltd | - | - | 19 854 | - |
| Hux Technologies | - | 5 765 | - | - |
| HV &LV electrical and installation | 25 866 | - | - | - |
| HV Test (Pty) Ltd | - | 10 000 | - | - |
| Hydraulic & Earthmoving Repairs | - | - | - | 7 931 |
| Hydro Doors | 3 741 | - | - | - |
| ICS (Intergrity Control System) | 6 800 | - | - | - |
| Image Office | - | - | - | 2 654 |
| IMESA Conference Secretariat | - | - | 25 298 | - |
| Impact Auto Body Repairs | - | - | 1 967 | - |
| IMPISA | - | - | 15 608 | - |
| Imvelo Lenhle Trading | 2 834 | - | - | - |
| Board | - | 5 060 | - | - |
| Independent Newspapers | - | 2 343 | - | - |
| Induna Power products | - | - | - | 52 377 |
| Ingala Trading cc | - | - | - | 16 416 |
| Ingcebo Yesive Trading | 6 260 | - | - | - |
| Inkanyezi Rest | - | - | - | 3 149 |
| International and diplomatic protocol | - | - | 29 070 | - |
| International Health Care | - | - | 24 342 | - |
| International liquors | - | - | - | 29 943 |
| International Protocol Consultants | - | - | 6 604 | - |
| Ithemba Elihle Trading | - | - | - | 10 216 |
| Itireng Trading | 29 184 | - | - | 1 644 |
| J & E Renovations | - | - | - | 28 899 |
| J & M Security | 3 973 | - | - | - |
| J T Khoza Transport | - | - | 3 250 | 4 000 |
| James Fakude | - | - | - | 29 330 |
| JCD Interiors | - | - | - | 10 503 |
| Jetline Sonpark | - | - | - | 55 630 |
| JH Jokovu Trading cc | - | - | 48 906 | - |
| JJ Hydraulics Distributors | 461 | - | - | 48 402 |
| JJAT Property and Investments | 9 948 | - | - | 99 227 |
| Joe-Mary Security Services | - | - | - | 148 523 |
| Johan Sibiya Promotion | - | - | - | 285 000 |
| Johannes Mhlanga | - | - | - | 1 400 |
| John Maytham Investment CC | - | - | - | 52 620 |

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DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|------------------------------------|-----------|-----------------|---------------|------------------|
| Juta and Company Ltd | - | - | 22 891 | - |
| JVM Travelling and Tourism | - | - | 10 500 | - |
| JVR Technologies cc | 8 425 | - | - | 86 236 |
| k.k sound system promotion | - | - | 400 | - |
| Kamagugu Inclusive School | - | - | 18 000 | - |
| Kapito Coporate Division | - | - | 9 109 | - |
| Karino Concrete | - | - | 261 314 | - |
| Keis toilet hire & enterprises | 20 480 | - | - | - |
| Kenfan trading | 19 710 | - | - | - |
| Khula Utobona Trading | - | - | 450 | - |
| KK Sound System and Promotion | - | - | 400 | - |
| KK Sound System Production | - | - | 8 800 | - |
| kleen print cc | - | - | 8 101 | - |
| Knowledge Base | - | - | 86 686 | - |
| Knowlegde up-Grade management | - | - | 17 483 | - |
| Komatsu Southern Africa (PTY) LTD. | - | - | - | 72 018 |
| Kragbron Herstel Dienste | - | - | - | 33 744 |
| Kruger Moeletsi Attorneys | - | - | 104 076 | - |
| Kyoob Studio cc | - | - | - | 29 561 |
| L.K Hydraulic cc | - | - | - | 7 193 |
| Labour Guide | - | - | 29 794 | - |
| Lady Di cc | - | - | 19 886 | - |
| Laeveld Bouhandelaars | - | - | 3 482 | 2 000 |
| Laeveld Electrical | 28 044 | - | - | - |
| Laeveld Trekkers | - | - | - | 10 445 |
| Rock Drift | - | - | - | 852 |
| Laeveld Trekkers Rock Drift | - | - | - | 12 852 |
| Lafarge | - | - | 10 530 | - |
| Lake's Autolect cc | - | - | - | 854 |
| Landis \$ Gyr | - | 26 363 | - | - |
| Laser engraving laser markit | - | - | - | 338 |
| Lendzo Trading cc | 5 472 | - | - | - |
| Lesweny Communications | - | 28 494 | - | - |
| Lexis Nexis | - | - | 109 139 | - |
| equipment | - | - | - | 20 531 |
| LIASA Conference | - | - | 5 850 | - |
| Lift and shift | - | - | 7 237 | 593 |
| Light Bee Lightning | - | 19 668 | - | - |
| Ligwala gwala FM | - | - | 242 820 | - |
| Ligwalagwala FM | - | 6 760 | - | - |
| Likhuleni M.L | - | - | 7 200 | - |
| Limpopo Traffic College | - | - | 14 270 | - |
| Lincolnwood | - | - | 25 000 | - |
| Liquor City NST | - | - | - | 20 512 |
| Live Wire | - | - | - | 6 500 |
| Lizard Patrols | - | - | - | 41 040 |
| LJ Intertrade | - | - | - | 1 208 |
| Lockpick Locksmith | 19 565 | - | - | - |
| Private Hire | - | - | - | 4 560 |
| Lomzalamba Investment | 4 540 | - | - | - |
| Losana Golden Stars | - | - | - | 1 000 |
| Lotang Trading 47cc | - | - | - | 5 700 |
| Lowveld Blasters | 6 975 | - | - | - |
| Lowveld Brake CC | - | - | - | 33 729 |
| and Tourism | - | - | 20 000 | - |
| & Tourism | - | - | 4 000 | - |
| Lowveld Electrical | 25 479 | - | - | - |
| (Pty) Ltd | - | - | - | 1 510 |
| Lowveld maintenance and | 14 589 | - | - | - |
| Lowveld maintenance | - | 2 467 | - | - |
| Lowveld Media | 8 702 | 1 065 637 | 50 123 | - |
| Lowveld Motors t/a Palm Motors | - | - | - | 1 425 |
| Lowveld Office Automation | - | - | - | 8 655 |
| Lowveld Propshaft | - | - | - | 7 742 |

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| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|--|-----------|-----------------|---------------|------------------|
| Lowveld Rentals | - | - | - | 730 |
| Lowveld Show Society | - | - | 42 100 | - |
| Lowveld Signs CC | - | - | - | 23 091 |
| Lowveld Tombstones CC | - | - | 2 290 | - |
| Lowveld trading | 19 500 | - | - | - |
| Lowveld Wholesalers | - | - | - | 14 630 |
| Lugati Trading CC | 7 700 | - | - | - |
| Lukhele Mthobisi | - | - | - | 150 |
| M.P Makaring | - | - | 900 | - |
| M3 Holdings (Pty) Ltd | 6 779 | - | - | - |
| Mabila Mgwintshi Alfred | - | - | - | 150 |
| Mabutane Development | 8 592 | - | - | - |
| Macbeth Ncongwane Attorneys | - | - | 200 881 | - |
| Macmah Vehicle Services CC | - | - | - | 7 340 |
| Mahindra Nelspruit | - | - | - | 1 133 |
| Mahlalela B.A | - | - | - | 400 |
| Main Event Catering | - | - | - | 6 470 |
| Makaringa M.P | - | - | - | 300 |
| Makaringa Petros | - | - | - | 800 |
| Makharry Trading Solutions | - | - | - | 1 280 |
| Makhubela Msibi | - | - | - | 150 |
| Malapeng Trading | - | - | - | 111 150 |
| Malelane Garage cc | - | - | - | 8 574 |
| Malindza Business Enterprise | 39 308 | - | - | - |
| Malman Vehicle Services | - | - | - | 6 132 |
| Man Truck and Bus | - | - | - | 5 589 |
| mandla nhlapho | - | - | - | 200 |
| Mandlakazi Electrical Technologies | 293 322 | - | - | - |
| Mandlakazi Electrical Technologies | 28 102 | - | - | - |
| Mandlakazi Electrical Technologies (pty) Ltd | 27 998 | - | - | - |
| Maposa Victor | - | - | - | 150 |
| Marbo | - | - | - | 1 669 |
| Marcelle Fire Fighting Technology | - | - | - | 7 980 |
| Marcus Evans | - | - | 32 811 | - |
| Maria Sikonela | - | - | - | 400 |
| Mariri Trading | - | - | - | 8 550 |
| Marks Plumbing | 32 283 | - | - | - |
| Masakhane Funeral Services | 8 550 | - | - | - |
| Masambeni Youth Trading | 1 500 | - | - | - |
| Masana Electrical | - | - | - | 280 022 |
| Maseko Management Services | - | - | 139 167 | - |
| Mashova Kingdom Business | - | - | - | 7 161 |
| Masibuye Kujehova Ministry | - | - | 12 000 | - |
| Mathumbu M | - | - | - | 800 |
| Matji Bongane Trevor | - | - | - | 300 |
| Matsimbe trading 261 | 7 203 | - | - | - |
| Matsulu Civic and Construction | - | - | - | 400 |
| Matsulu Spar | - | - | - | 50 959 |
| Matsumbu M. | - | - | - | 800 |
| Mavundla Nomawethu | - | - | - | 300 |
| Maxflow irrigation contractors | 67 783 | - | - | - |
| Maxiprest tyres (Pty) Ltd | - | - | - | 48 244 |
| Maziya Bongane | - | - | - | 150 |
| Mbizoo Trading | - | - | - | 2 599 |
| Mbovula Security Services | 26 961 | - | - | - |
| MCS24 | - | - | - | 784 |
| Mculu Incorporated | - | - | 37 462 | - |
| MD EMS Training Centre | - | - | 10 500 | - |
| Mdwane Trading | 3 460 | - | - | - |
| Medi Clinic | - | - | 6 000 | - |
| Media 24 | - | - | 85 677 | - |
| Mega Paints Nelspruit | - | 1 836 | - | - |
| Mega repair and trading | - | - | - | 129 872 |
| Mega Repair and Training | 6 120 | - | - | - |

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| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|------------------------------------|-----------|-----------------|---------------|------------------|
| Mesco CC T/A | - | - | - | 236 |
| Mesco CC T/A | - | - | - | 626 |
| Metrogis | - | 81 404 | - | - |
| Mgwenya D.M | - | - | - | 2 000 |
| Mhlomo image | - | - | 1 499 | - |
| Mhlomo Simon | - | - | 3 600 | - |
| MHMK Construction | - | - | 3 500 | - |
| Michem | - | - | - | 7 085 |
| (PTY) LTD | - | - | - | 887 |
| Midnight Star Trading 308 | 4 640 | - | - | - |
| Mihenhle Trading CC | 15 445 | - | - | - |
| Minute Print | - | - | - | 680 |
| Mlegeni properties CC | 176 | - | 2 291 | - |
| MM Labe Attorneys | - | - | 21 800 | - |
| Mnisi Dumisani | - | - | - | 300 |
| Mnisi E.N | - | - | - | 3 200 |
| (Pty) Ltd | - | - | - | 3 463 |
| Mokoena Peter | - | - | - | 423 |
| Molao Academy | - | - | 17 041 | - |
| Mo-Lite Promotion | - | - | - | 450 000 |
| Morgan Auto Electrical | - | - | - | 2 485 |
| Moses motor machanic | - | - | - | 6 783 |
| Moses Motor mechanics | - | - | - | 12 892 |
| Mpenyatsatsi & Projects | 9 400 | - | - | - |
| Mpumalanga Province | - | - | - | 4 503 |
| Mpumalanga | - | - | - | 23 038 |
| Mpumalanga Companies | - | - | 6 783 | - |
| Mpumalanga Minor | - | 9 931 | - | - |
| office furniture | - | - | - | 25 990 |
| Business Portfolio | - | - | - | 39 900 |
| Mpume Document Mgt | - | - | - | 325 |
| Mqondisi CC | 67 203 | - | - | - |
| Mr J Mashego | - | 800 | - | - |
| Mrs J. Nyambi | - | - | - | 800 |
| Mtobolo General Trading | 17 057 | - | - | - |
| Mumamalile General Trading | 18 700 | - | - | - |
| Mungalese Motor Trimmers | - | - | - | 5 084 |
| Mveli Madina Trading cc | 883 | - | - | - |
| MXA With DPLY, GT2 | - | 4 959 | - | - |
| My Office | - | - | - | 10 720 |
| Mzora's Trading | 16 800 | - | - | - |
| Mzuzu Attorneys | - | - | 139 830 | - |
| Nandos White River | - | - | 512 | 495 |
| Nashua Mobile | - | - | - | 33 912 |
| National Asphalt | - | - | 193 214 | 13 235 |
| National flag & branding | - | - | - | 23 940 |
| National Health Laborator services | - | - | - | 244 |
| Native squad | - | - | - | 15 000 |
| Nel Trophies cc | - | 9 464 | - | - |
| Nelspruit Armature | 11 332 | - | - | - |
| Nelspruit Auto | 986 | - | - | 63 192 |
| Nelspruit Auto Mazda | 7 200 | - | - | 46 555 |
| Nelspruit battery | - | - | - | 1 150 |
| Nelspruit cash & carry | - | - | - | 1 130 |
| Nelspruit crushers | - | - | - | 17 292 |
| & Auto Electrical | - | - | - | 60 619 |
| Nelspruit Radiators | - | - | - | 6 068 |
| Nelspruit Rugbyklub | - | - | - | 25 000 |
| Nelspruit Auto Electrical cc | - | - | - | 1 101 |
| Netcare 911 | - | 12 000 | - | - |
| Netwerk Skryfbendeities | - | 1 310 | - | - |
| Solutins (PTY) Ltd | - | - | - | 1 117 |
| solutions (PTY) Ltd | - | - | - | 513 |
| Ngamane Construction | - | - | - | 1 200 |

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| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|---------------------------------|-----------|-----------------|---------------|------------------|
| Ngobe-Nkosi Attorneys | - | - | 215 259 | - |
| Nguluzane Investment | - | - | 20 820 | - |
| Ngutjane Karabo | - | - | 300 | - |
| Ngwenyama B.W | - | - | 1 800 | - |
| Ngwenyama N.S | - | - | - | 3 000 |
| Nisfam Trading cc | 15 800 | - | - | - |
| NJR Steel Nelspruit | 5 995 | - | - | 15 640 |
| Nkosana Supermarket | - | - | - | 6 147 |
| Nkosi Collen Sibusiso | - | - | - | 15 000 |
| nkosi innocent | - | - | - | 200 |
| Nkosi Muziwakhe | - | - | - | 150 |
| Nkosi S.M | - | - | - | 800 |
| nomhle general trading | 11 690 | - | - | - |
| Services | - | - | - | 12 429 |
| Nthabiseng Trading cc | 25 757 | - | - | - |
| N-track (Uptwon Trading) | - | 480 | - | - |
| Ntsengu Trading Enterprise | - | - | - | 10 200 |
| Nuladys cc | - | - | 25 234 | - |
| Numbi Motors | - | - | - | 1 481 |
| Numeri Trading cc | 1 800 | - | - | - |
| Nusa africa | - | 410 | - | - |
| NVP Services | - | 6 886 | - | 3 370 |
| Oasis Water White River | - | - | - | 1 272 |
| Odor Cure (Pty) Ltd | - | - | 62 629 | - |
| Office Creation Décor & Dsign | - | - | - | 16 027 |
| O'mega Limited | - | - | - | 325 000 |
| Onsite Training Solutions | - | - | 1 647 | - |
| Optimistic Skill Trading | 22 934 | - | 4 675 | 29 550 |
| Orange Restaurant | - | - | - | 9 916 |
| Orchards Spar | - | - | - | 3 344 |
| Oupa Mashele | - | - | - | 600 |
| repairs cc | - | - | - | 9 779 |
| P N Shabane | - | - | - | 25 000 |
| P.C Smit Pompe | 10 778 | - | - | - |
| Panasonic / Ristar | - | - | 23 966 | - |
| Payday software systems | - | - | 106 641 | - |
| PEL Africa Management CC | - | - | 367 194 | - |
| Pennels Tanks | - | 16 800 | - | - |
| Perfomance Auto Workshop | - | - | - | 608 171 |
| Peter Auto House | - | - | - | 259 127 |
| Peter Manzini | - | - | - | 2 400 |
| Phamken Trading and Enterprise | 5 000 | - | - | - |
| Phillix and Son Trading | 991 | - | - | - |
| System (Pty) Ltd | 54 001 | - | - | - |
| Photo Pro | - | - | 1 728 | 298 |
| Phumelela Vuyiswa Trading cc | 19 414 | - | - | 17 550 |
| Pick n' Pay | - | - | - | 1 927 |
| Picto Busby | - | - | - | 661 110 |
| Pirtek | - | - | - | 458 |
| PJ Lourens Attorneys | - | - | 2 112 | - |
| Plas Grow cc | - | - | - | 4 872 |
| Plumbing Lady Trading cc | 111 905 | - | - | - |
| PMR Africa | - | - | 53 711 | - |
| Popela Mamphasha | - | - | - | 300 |
| Powerpro electrical wholesalers | - | - | - | 104 |
| PPE Technologies | 12 583 | - | - | 4 537 |
| Premier Sayina Africa | - | 14 957 | - | - |
| Primedia Outdoor | - | - | - | 120 000 |
| Pro Rolls | - | - | - | 1 342 |
| Prodiba | - | 16 744 | - | - |
| Produkta Nissan | - | - | - | 84 013 |
| Protea boek winkel | - | - | - | 29 143 |
| Protea Truckden | - | - | - | 5 563 |
| Protea Tyre Hazyview (pty) LTD | - | - | - | 226 551 |

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| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|--|-----------|-----------------|---------------|------------------|
| Purple Moss 1010 | 24 958 | - | - | - |
| Quality Steel | 62 130 | - | - | - |
| foto focus | 5 425 | - | - | - |
| Radio Laeveld | - | - | 14 400 | - |
| RCP Media | - | - | 50 787 | - |
| RCP Media | - | - | 5 197 | - |
| Renaissance Conference | - | - | 11 398 | - |
| Reptile Conservation | - | - | - | 800 |
| Ridds Aqua Centre (Pty) Ltd | - | - | - | 3 530 |
| Rieba clothing | - | - | - | 2 136 |
| Rift Vallwy Management Consulta | - | - | - | 25 000 |
| Rising Sun Field Services | - | - | - | 7 901 |
| Rising Sun Field Services and Maintenance cc | - | - | - | - |
| Rising Sun Field Services and Maintenance | - | - | - | 1 402 |
| Rising Sun Field Services and Maintenance | - | - | - | 433 |
| Rista Communications | - | - | - | 661 |
| Rista Communications | - | - | - | 352 |
| Rocky's Amature Winders CC | 66 475 | - | - | - |
| Roses Guns | - | - | 1 660 | - |
| RSH Specialising Chemicals | - | - | 14 469 | - |
| Rudamans Nelspruit | - | - | - | 422 951 |
| S. DE VASCONCELOS | 2 312 | - | - | - |
| S.M Kunene | - | - | 1 200 | - |
| SA Labour Guide | - | - | 4 449 | - |
| SA National Biodiversity Institute (SASTM) | - | - | 1 200 | - |
| Sabinet Online LTD | - | - | 5 194 | - |
| Sabinet Online LTD | - | - | 15 743 | - |
| Sabri Glass an installation | - | - | - | 761 |
| SABS | - | 30 358 | - | - |
| SAEEC | - | - | 3 240 | - |
| Safeconex | - | - | 27 600 | - |
| SAHF | - | - | 953 | - |
| Salt Restaurant | - | - | 2 000 | - |
| Samro | - | - | 1 611 | - |
| Sarahomes | - | 15 914 | - | - |
| Sasol Secunda | - | 21 340 | - | - |
| Sawserve | - | - | - | 694 |
| Sawubona in-flight magazine | - | - | - | 555 971 |
| Schaltz | - | - | 3 137 | - |
| Scorpex 38cc | - | - | - | 7 524 |
| Screen -rite | - | - | 2 317 | - |
| Selby Thanda Trading | 24 713 | - | - | - |
| Shabangu Given | - | - | - | 450 |
| Sharp Electronics | - | - | - | 4 592 |
| Shernance Construction | 1 850 | - | - | - |
| Shognwe Victor | - | - | - | 300 |
| Siboti Xulu | - | - | 12 000 | - |
| Siemens | - | - | 1 140 | - |
| Sign a Rama Nelspruit | - | - | 1 231 | 26 904 |
| Signbird | - | - | - | 1 733 |
| Sikhukhula Trading Enterprise | - | - | 8 500 | - |
| Simnua wokoena & Associates | - | - | 352 943 | - |
| Simon Mhlongo | - | - | - | 1 500 |
| Sinelitsembe Trading | - | - | - | 7 600 |
| Singwana L.L | - | - | - | 1 200 |
| Siphambili Distributors | - | - | - | 13 457 |
| Sipheshile Trading cc | 7 000 | - | - | - |
| Sipho's irrigation systems | - | - | - | 9 410 |
| Sisano Project Event Pr | - | 272 497 | - | - |
| Sisitasive Trading | 52 896 | - | - | - |
| Sitamanzi Constructions | - | - | - | 52 314 |
| Sive Aircon & Electrical Solution | - | - | - | 124 146 |
| Sivesetfu Lodge | - | - | - | 22 543 |
| Sivutete wasahigo Trading CC | - | - | - | 1 584 |

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| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|--|-----------|-----------------|---------------|------------------|
| Siyakha | - | - | 15 390 | - |
| Siyathuthuka | 17 077 | - | - | - |
| Siyathuthuka | 559 | - | - | - |
| Siyathuthuka | - | - | 2 815 | - |
| Siyathuthuka Construction | - | - | - | 3 200 |
| mapping services pty ltd | - | - | 80 883 | - |
| Siza Umphakathi Trading Enterprise | - | - | - | 36 137 |
| SJM Electrical | 2 000 | - | - | 25 280 |
| Stam paper | - | - | - | 14 200 |
| Stam paper & Courier | - | - | - | 990 |
| Slovakian Trading cc | - | - | - | 19 198 |
| SM Kunene | - | - | - | 5 600 |
| Smart Service White River | 3 420 | - | - | 38 221 |
| Snack Time Café | - | - | - | 26 635 |
| Snuf suppliers | 7 200 | - | - | - |
| Soccerrex | - | - | - | 24 850 |
| Trading CC | 22 223 | - | - | - |
| sound systems | - | - | - | 21 250 |
| South African Nursing Council | - | 7 050 | - | - |
| South African Post Office | - | 480 989 | - | - |
| South African Road Federation | - | 8 988 | - | - |
| Southern Africa Fault Location | 16 154 | - | - | - |
| SOWETAN | - | 139 163 | - | - |
| Speedy Tyre & Exhaust | - | - | - | 17 286 |
| Speedy's Tyre & Exhaust | - | - | - | 7 022 |
| Spray air services | - | 18 194 | - | - |
| SPSS-South Africa | - | - | - | 946 |
| Squiggles | - | - | - | 1 156 |
| Stainless steel | - | - | - | 9 947 |
| Stan Academy | - | - | - | 3 500 |
| Stegmanns Trust Account | - | - | 49 479 | - |
| Steinmed Waste Management (PTY) LTD | 8 614 | - | 949 | - |
| Sud - chemic | - | - | 9 316 | - |
| Sunday Times | - | - | 250 000 | - |
| Sunset Beach Trading | - | - | - | 24 855 |
| Superbrake | - | - | - | 294 |
| Survival Technology | - | - | - | 5 415 |
| Swanepoel & Vennote Attorneys | - | - | 72 491 | - |
| Swift Plumbing and Electrical | - | - | - | 3 055 |
| Swing chem | - | - | - | 6 545 |
| Sydney Mthunzi Kunene | 400 | - | - | 400 |
| Sydney Mthunzi Kunene | 1 600 | - | - | - |
| Sydwell Transport | 7 980 | - | - | - |
| Syncom Business Intelligence | 570 | - | - | - |
| Syntell | - | 138 104 | 164 919 | - |
| T.E Thwala | - | - | - | 2 600 |
| Tact Business Development & Management | - | 116 827 | - | - |
| Tamara's Caterer's | - | - | - | 5 340 |
| Tankman Septic Services CC | - | - | - | 143 193 |
| Tat I-Chain Technologies (Pty) Ltd | - | - | 23 200 | - |
| Tau Sport and Media | 17 499 | - | - | - |
| Teboho Lehlohonono Trading | 6 190 | - | - | - |
| Teboho Lehlohonono Trading Enterprise | 30 740 | - | - | - |
| Telkom SA | - | 400 | - | - |
| Temoso Trading 05 | 23 940 | - | - | - |
| Termike Gifts & Engravers | 29 810 | - | - | - |
| Texida Agencies | 7 923 | - | - | - |
| THB Development Projects | 29 640 | - | - | - |
| The Conference Zone CC | 7 979 | - | 6 838 | - |
| The Drum Manufactures | 6 000 | - | - | - |
| The Fever Tree Nursery | - | - | - | 22 563 |
| The Institute of Internal Auditors | - | - | 3 138 | - |
| The Rama Family CC | 30 443 | - | - | - |
| The rat Worx | - | - | - | 1 650 |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|--|-----------|-----------------|---------------|------------------|
| Thomas Tyres | - | - | - | 12 859 |
| Three C's pool shop | 7 173 | - | - | - |
| Thulivuyi General Trading | 29 550 | - | - | - |
| Thwala T.E | - | - | - | 2 400 |
| Tidy Files Mpumalanga | 1 592 | - | - | - |
| Tiger & Wheel Tyres | - | - | - | 4 437 |
| Tiko-nkulu Trading | - | - | - | 4 790 |
| Tinashe Mkhike Art & Craft | - | - | - | 28 000 |
| Tinyiko Group | - | - | - | 2 000 |
| Tir-Cor Signs | - | - | 29 241 | - |
| Tire Point Nelspruit | - | - | - | 235 215 |
| TIS | - | - | - | 54 148 |
| Tjitji suppliers CC | 27 420 | - | - | - |
| Tlokwe City Council | - | - | - | 10 480 |
| TMS Hasler Business System | - | - | - | 2 118 |
| TMS Hasler Postage Division | - | - | - | 57 600 |
| Tokiso | - | - | 18 265 | - |
| Touchline Media | - | - | - | 240 000 |
| Tourism Grading Council of South Africa | - | - | 40 172 | - |
| Toys R us | - | - | - | 14 715 |
| Tradevest Michem | - | - | - | 9 684 |
| Training & Skills Development | - | - | 10 150 | - |
| Transfarm Influvac/ Vaxigrip | - | - | 28 337 | 3 321 |
| Trappers Trading | - | - | 7 762 | - |
| Trend Tap & Tile | - | - | 646 | - |
| Tri-Cor Signs | - | - | 93 460 | - |
| Truck Parts | - | - | - | 21 660 |
| Truvelo Manufacturers (Pty) LTD | - | 129 973 | - | - |
| Tsabetse Calvin | - | - | - | 300 |
| Tshwelopele Funeral Parlour | - | - | 61 131 | - |
| Tsimane Power Maintenance CC | 40 371 | - | - | - |
| TTT Spares | - | - | - | 55 477 |
| Turbo Formance CC | - | - | - | 821 |
| Turner Morris | - | - | - | 16 157 |
| Ububele Alfa Chemicals (Pty) Ltd | - | - | - | 47 538 |
| Umlondvoloti General Trading | - | - | - | 31 665 |
| Umpfompfo Trading | - | - | - | 1 985 |
| Umsinsi Environmental Specialist | - | - | 25 000 | - |
| Union Motors Lowveld | - | - | - | 503 504 |
| Unique Welding | - | - | - | 1 185 |
| United Stations (M Power) | - | - | - | 57 636 |
| University of Cape Town | - | - | 22 000 | - |
| University of Johannesburg | - | - | 5 000 | - |
| University of Pretoria | - | - | 25 300 | - |
| Uptown Trading 61 CC | 3 953 | - | - | 12 050 |
| Urban Econ Development Economi | - | - | 28 500 | - |
| Uxhumano Communications | - | - | - | 83 272 |
| Van Schalk Bookstore | - | - | 7 960 | 10 136 |
| Van Staden & Pretorius | - | - | - | 28 500 |
| Van Wettens Breakdown Services (PTY) Ltd | - | - | - | 20 256 |
| Variprint Systems CC | - | - | 10 499 | - |
| Viljoen-Swanepoel Attorneys | - | - | 21 800 | - |
| Vision 2000 Discounters | - | - | - | 6 568 |
| Voltex Nelspruit | - | - | - | 21 398 |
| Vukani Nonke General Trading | 27 720 | - | - | - |
| Vukani Sishaba Construction | 26 507 | - | - | - |
| Vukantfombi Trading | 26 500 | - | - | - |
| Vukasizwe Event Management | 18 380 | - | - | - |
| Vulekamasango Investment | 26 854 | - | - | - |
| Vuna Signs Solutions | 28 628 | - | - | - |
| Vuyi and Vuyo General Trading cc | 9 600 | - | - | - |
| W.C Grobler Professional Land Surveyor | - | - | - | 30 850 |
| Waltons Stationery | - | - | - | 94 875 |
| Waste Collection | 73 998 | - | - | - |

MBOMBELA LOCAL MUNICIPALITY

UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX F

DEVIATIONS FROM SUPPLY CHAIN MANAGEMENT

| COMPANY | EMERGENCY | SINGLE PROVIDER | SPECIAL WORKS | EXCEPTIONAL CASE |
|-----------------------------------|------------------|------------------|------------------|-------------------|
| Water Institute of SA | - | - | 13 190 | - |
| Waterstone Garden Center | 63 413 | - | - | - |
| WCS Computers | 9 250 | - | - | - |
| Weavind & Weavind Attorneys | - | - | - | 1 947 |
| Wendy Lane CC | - | - | - | 24 600 |
| Wentzel Auto Clinic | - | - | - | 377 839 |
| West Vaal Nelspruit | - | - | - | 13 383 |
| White River Lawn Mowers | - | - | - | 34 060 |
| Who's Who Resturant | - | - | - | 1 525 |
| Wiesenhof Limpompo | - | - | - | 3 850 |
| Wikus Strydom | - | - | 3 500 | - |
| Wilow Sales | - | - | - | 28 988 |
| Windeed | - | - | - | 33 368 |
| WISA | - | - | 1 904 | - |
| Wise wires | - | - | 5 000 | - |
| Wits Business School | - | - | 20 000 | - |
| Women in Power General Trading | 15 669 | - | - | - |
| Wonder Masuku | - | - | - | 2 000 |
| Woolworths | - | - | - | 1 179 |
| Workplace Perfomance Technologies | - | - | 1 454 | - |
| Worx of Africa | - | 23 256 | - | - |
| Xerox | - | - | - | 3 247 |
| XPS | - | - | 7 766 | - |
| Yours Personally | - | - | - | 12 000 |
| Z-Card | - | - | - | 80 798 |
| Zeeroe Seven Project | - | - | - | 1 600 |
| Zero PlusTrading | - | - | - | 3 151 |
| Ziwaphi | - | - | - | - |
| Zizomela Trading Production | - | - | - | 108 000 |
| Total | 4 627 609 | 3 461 427 | 5 688 558 | 13 935 903 |